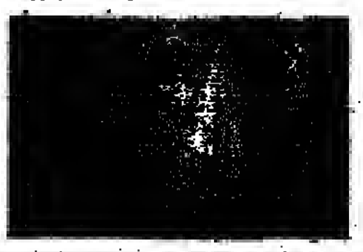
FINANCIAL TIMES

Gold fever *Cashing in in Indonesia* Page 20

Air disasters *Unstoppable move to unlimited liability* Page 4



Bayer *Schneider will deliver more* Page 16

TOMORROW'S **Weekend FT** *Life and death in Algeria*

World Business Newspaper http://www.FT.com FRIDAY NOVEMBER 29 1996

Oil prices fall at prospect of Iraqi exports resuming

Iraqi oil exports could start flowing as early as December 15 now Baghdad has UN consent for an oil-for-food deal, Turkish officials said yesterday. In Baghdad (pictured above) Iraqis celebrated in the streets, but news of the deal immediately depressed oil prices, with January Brent Blend down to $22.65 from its opening $22.80 in London. Page 14; Background, Page 24

Lufthansa expects profits this year to be at least 10 per cent down on 1995's but the German national airline is hoping for a turnaround in 1997. Page 15

Chateau d'Yquem claim: French luxury goods group LVMH claimed to have taken control of France's renowned d'Yquem vineyard – but the chateau, whose wines cost at least $250 a bottle, swiftly denied the claim. Page 15

Çiller cleared: A Turkish parliamentary commission rejected a second attempt to send deputy premier Tansu Çiller to court on corruption charges stemming from her time as prime minister.

Zaire rejects plan: Zaire rejected a Canadian plan to air-drop food for thousands of refugees and Zaireans fleeing fighting in the east of the country.

Dutchman endorsed: The European parliament endorsed the appointment of Wim Duisenberg as president of the European Monetary Institute, forerunner of the European central bank. Dutch central bank governor Mr Duisenberg will take over from Alexander Lamfalussy in mid-1997.

Canadian Airlines, struggling to avert bankruptcy amid big losses, plans to pursue a rescue plan although two of its biggest unions oppose the deal. The plan involves government aid and pay cuts from workers to save it C$70m ($52m) a year for four years.

Yeltsin on the mend: Russian president Boris Yeltsin, recovering after heart surgery, could start paying visits to the Kremlin as early as next week, his chief doctor said.

Japan blitz on pirates: Japanese electronics giants Sega Enterprises, Koei and Sony Computer Entertainment launched a joint legal action in Hong Kong against local distributors and retailers of pirated software.

Gold contest: Papua New Guinea-based gold mining group Highlands Gold, rejected a hostile A$420m ($341.5m) offer from Canada's Placer Dome. Placer's offer on the Australian stock market followed a share raid that scooped it about a third of Highlands' equity. Page 15

Strike hits Greece: Thousands of Greeks took to the streets in a 24-hour protest strike against the socialist government's plans to cut tax allowances and freeze public sector recruitment. Page 3

'Aids explosion' warning: Aids is still spreading explosively through Africa and Asia, the UN programme on HIV/Aids said, and is starting to threaten central and eastern Europe. The HIV infection has claimed 3m new victims this year. Page 4

Uruguay takes to private pensions: Almost a third of Uruguay's workers have joined new private pension funds in their first year – many more than had been expected. Page 5

Apology from black MP: A black member of Britain's parliament apologised for criticising the hiring of "blonde, blue-eyed Finnish nurses". Diane Abbott said comment, interpreted as a racial slur, had been meant to emphasise the importance of local recruitment.

PM spells out terms: British prime minister John Major told the political wing of the Irish Republican Army that it could enter the Northern Ireland peace process immediately if the IRA called an unequivocal ceasefire. Page 14

Happiness café: A café in the Finnish capital, Helsinki, is offering customers anti-depressant light therapy. Helsinki enjoys only 6½ hours' daily sunlight at this time of year and has one of Europe's highest suicide rates.

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■ STOCK MARKET INDICES		
FTSE 100:	4,050.2	(+1.0)
Yield	3.92	
FTSE Eurotrack 100	1,850.81	(+4.87)
FTSE All-Share	1,981.13	(nc)
Nikkei	21,635.54	(-309.74)
■ LONDON MONEY		
3-mo Interbank	6⅜%	(6 5/16%)
Liffe long gilt future:	Dec110[illegible]	(110[illegible])
■ NORTH SEA OIL (Argus)		
Brent Dated	$23.975	(23.13)

■ GOLD		
London	$372.85	(373.8)
■ STERLING		
London:		
$	1.6803	(1.6736)
DM	2.5735	(2.554)
FFr	8.7339	(8.6521)
SFr	2.175	(2.16)
Y	190.933	(189.7)
£ Index	93.6	(93.2)
Tokyo close Y 113.3		

The New York markets were closed yesterday

Albania	LEK 275	Gibraltar	£0.75	Lithuania	Lts 18.00	Qatar	QR13.00
Austria	Sch37	Greece	Dr400	Lux	LFr75	S.Arabia	SR13
Bahrain	Din1.300	Hong Kong	HK$20	Malta	Lm0.70	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft270	Morocco	MDh18	Slovak Rp	Sk75
Cyprus	C£1.30	Iceland	IKr260	Neth	Fl 4.75	S.Africa	R12.00
Czech Rp	Kc70	India	Rs75	Nigeria	Naira125	Spain	Pta250
Denmark	DKr20	Israel	Shk9.00	Norway	NKr22.00	Sweden	SKr20
Egypt	E£5.00	Italy	L3200	Oman	OR1.75	Switz	SFr3.70
Estonia	EKr 28	Japan	Y500	Pakistan	Rs50	Syria	S£80.00
Finland	FM18.00	Jordan	JD1.75	Poland	Zl 6.00	Tunisia	Din2.000
France	FFr12.00	Kuwait	Fils.750	Portugal (o'land)		Turkey	L120,000
Germany	DM4.00	Lebanon	LL9500		Es285	UAE	Dh13.00

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Blockades stay despite government claims of an imminent deal

French truck drivers defiant

By Andrew Jack in Paris and David Buchan in Calais

French truck drivers' unions last night defiantly continued their strike which has gripped the country for nearly two weeks, in spite of a claim by the government that an agreement could be signed as soon as this morning.

Mr Bernard Pons, the French transport minister, said the drivers and employers would meet today after receiving "extremely concrete" responses to the unions' demands.

However, Mr Robert Dufour, a senior official with the Force Ouvrière union, said the dispute, which is causing increasing disruption to business throughout western Europe, was only partially resolved and that two outstanding issues remained – working hours and pay.

He described yesterday's offer by transport employers of a 1 per cent pay increase and a FFr1,500 ($300m) one-off payment as "grossly insufficient", and insisted the blockades would stay in place wherever possible across the country.

Most truckers maintained their protest, increasing companies' concern about the effects on their businesses, anguish from car drivers and continued complaints from foreign governments.

About 250 mainly British trucks, which had been stranded at the Channel port of Calais after a blockade was formed on Monday, left on a ferry for Dover after the barrage was temporarily lifted yesterday afternoon. The lorries set off with jubilant blasts on their horns. Mr Dufour said he had ordered the relaxation to defuse tensions.

Mr Pons called for "realism", and indicated that transport employers were willing to be flexible on pay. He said drivers would receive an immediate pay increase, which could be followed by a further rise in the coming year.

Blockades around several petrol depots were also eased during the day, although supplies remained difficult, with the French union of petroleum industries saying that up to 3,000 of the 18,000 petrol stations across France were closed or had run out of some grades of petrol.

The federation of commerce and retail companies expressed its concern about the effects of the strike, particularly in the west and south of France. A growing number of businesses, including most of the factories of Moulinex, the household appliance manufacturer, temporarily laid off some workers.

Agreement was reached on Wednesday to reduce drivers' retirement age from 60 to 55, with the costs shared by the state and employers, who must agree to hire a young driver for every older one who leaves.

The two sides were due to meet at 9.30am French time today to discuss an outline agreement, in a meeting co-ordinated by Mr Robert Cros, the mediator appointed last Sunday to bring the sides together.

As lorries were allowed out of Calais, a smaller number of inward-bound truckers, mainly British and Spanish, were given a chance to try their luck on French roads.

The French economy rebounded sharply in the third quarter, providing a much-needed boost to the country's struggling centre-right government, writes David Owen in Paris.

Figures released yesterday showed a 0.9 per cent rise in third-quarter gross domestic product, keeping the government just about on course to meet its modest full-year growth target of 1.3 per cent. Mr Jean Arthuis, the finance minister, said the 1996 target was now "plausible". Slower growth is expected in the final quarter, particularly if the current truck drivers' strike is protracted or spreads to other sectors. Lex, Page 14; Currencies, Page 23

Reuters man sabotages bank dealing rooms

By Nicholas Denton in London and John Ridding in Hong Kong

A disgruntled computer technician at Reuters in Hong Kong has caused the financial information provider deep embarrassment by sabotaging the dealing room systems of five of the company's investment bank clients.

The attack crippled for up to 36 hours the computer systems delivering market prices and news to traders at NatWest Markets, Jardine Fleming, Standard Chartered and two other banks.

The banks, which resorted to alternative terminals such as Bloomberg, claimed the tampering had no significant impact on trading and said neither they nor their clients experienced losses as a result.

Reuters said there was no evidence that the computer system affected – Triarch, one of the most widespread on trading floors – was any more prone to damage than competing products.

The incident, the most serious breach of security disclosed in Reuters' corporate history, has raised questions about the vetting and supervision of technicians with access to sensitive dealing systems.

Investment banks, too, will probably pay greater attention to threats from maintenance staff. Banks are so vulnerable to sabotage by employees that dismissed traders are typically asked to leave the building immediately.

Reuters apologised to the clients for the attack and promised measures to prevent a repetition. Mr Geoffrey Weetman, Reuters Asia managing director, said the company "deeply regrets the abuse of trust".

Reuters, which has notified the Hong Kong Monetary Authority and commissioned an independent investigation, has suspended the engineer suspected of the attack – a Mr Winston Cheng – and passed his name to the police.

As well as reviewing procedures on the appointment and evaluation of staff, Reuters is considering restrictions on its maintenance engineers' access to trading floors and the vital system software at the heart of its terminals.

The initial breach occurred on November 18. Mr Cheng, who had a poor relationship with his supervisor, paid maintenance visits to several clients and used his password to gain access to the operating system at the heart of the Reuters networks. He entered commands that would delete key operating systems files after a delay to allow him to leave the building. The first bank to

Continued on Page 14

Bugged by failures, Page 8

Former Olivetti chief delivers warning

Former Olivetti chairman Carlo De Benedetti warned a hearing in Italy's lower house of parliament that clients and investors were distancing themselves from the company. Mr De Benedetti's testimony, on the last day of the hearings into the group's financial problems, came as prospects receded of a formal parliamentary commission of inquiry into Olivetti. Report, Page 15

Fokker rescue called off as takeover talks collapse

By Gordon Cramb in Amsterdam and Bernard Gray in London

Hopes for the survival of Fokker, the Dutch maker of regional aircraft, evaporated last night after its receivers ended discussions aimed at a takeover by Samsung, tha South Korean conglomerate.

The receivers said Shorts of Northern Ireland, which supplied wings for Fokker aircraft, was not willing to accept further orders because of the uncertainty surrounding the group's future. Samsung had asked for a month longer to decide on a deal, they added, but Shorts' decision meant no more time was available.

Shorts said yesterday that its decision to stop supplying wings to Fokker came after repeated delays over whether anyone was prepared to take over the company. Shorts said it had kept its production line open for nine months after Fokker had collapsed, but that the administrators or potential purchasers had repeatedly failed to come up with a firm offer which would allow suppliers to continue to keep capacity and factory space available.

Fokker has continued to produce at its plant near Amsterdam's Schiphol airport since Dasa of Germany, part of Daimler Benz and a majority shareholder, precipitated its collapse in March by refusing to inject fresh funds. It is operating with a much reduced staff of some 650 and an order book which will run out next spring. Further job cuts are expected as early as today.

In mid-September, Samsung signed a letter of intent which was meant to have led to a deal last month. But the Korean group became caught up in a debate with Seoul government planners ebout their country's aerospace ambitions. The Hague authorities had set yesterday as the latest in a series of deadlines.

Mr Hans Wijers, economy minister, told the Dutch parliament: "It cannot yet be said whether or not fresh options will emerge. It is clear, though, that any new scenarios would have to be based on the production of wings elsewhere. In light of the time and the costs which that would require, the chance of a successful restart is regrettably small."

Several international aerospace groups – including Canada's Bombardier, which controls Shorts – earlier this year examined a possible rescue of the 77-year-old Fokker, but none made a bid.

Samsung loses chance to play rescuer, Page 19

CONTENTS

Chinese promise convertible yuan by December

By Sophie Roell in Beijing

China has given a formal undertaking to the International Monetary Fund that it will make its currency, the yuan, convertible on current account from the start of December.

The move, presaged by a series of leadership statements this year, means China is committed to allow enterprises to exchange currency freely for trade, dividend and interest payments, as well as profit remittances and payments for services such as travel, freight and insurance.

Its pledge was contained in a letter to the IMF from Mr Dai Xianglong, governor of the People's Bank of China, which said that as of December 1, China would undertake the obligations of current account convertibility set forth by the IMF's Article VIII. Tha move is regarded as being of considerable symbolic importance as it is en affirmation by China of its intention to stick with its economic reforms.

It may also send a positive signal to its trading partners, with which it is negotiating membership of the World Trade Organisation. But it will mean littla change in practice, since the yuan has been convertible in all but a few "minor" points since July. A statement by Mr Michel Camdessus, the IMF's managing director, confirmed these had now been addressed.

Beijing has been slow to make a commitment to convertibility for capital account transactions, which include the critical category of investment flows. The People's Bank yesterday again gave no specific target, saying simply it would "take a fairly long time" before tha yuan was fully convertible.

Maintaining currency stability is a key government objective, and China's policymakers remain concerned that larger capital flows could jeopardise this.

Through intervention by the

Continued on Page 14

NEWS: EUROPE

Temporary lifting of French blockade lets 250 trucks leave for Britain

Brief respite in the siege of Calais

By David Buchan in Calais and David Owen in Rungis

The siege of Calais was briefly lifted yesterday afternoon. With jubilant blasts on their horns some 250 lorry drivers bound for the UK were allowed through the blockade that had barred them from their ferries since Sunday night. The French pickets had finally decided to release their foreign hostages – at least those heading out of the country.

At the same time, a smaller number of inward-bound vehicles, mainly British and Spanish, were given a chance to try their luck in the rest of France. The blockade was removed for a couple of hours to allow through 50 trucks immobilised since Sunday. Most took the chance; some did not for fear of being held up down the road in some less hospitable spot.

It was chiefly pressure from Spanish drivers that prevailed on the French pickets. Most of them are owner-drivers carrying perishable fruit and vegetables for UK supermarkets and desperate to complete the last leg of a long journey.

Most of those who arrived in France from Dover were uncertain whether to move from Calais. Mr Martin Crow, an owner-driver from Bradford, carrying a load of paper for Spain, was ready just to sit out the French protest. "If I go back I have to pay £250 for the ferry plus £180 in fuel to drive back to Bradford, and then I'd have to spend all that again to come back to square one here in Calais." A week's delay would cost him £1,500, but like many drivers he seemed resigned to never receiving any compensation.

But going forward into France was scarcely less enticing. "The police here have told us that once we leave the safety of the barriers, we're on our own."

Some, like Terry from Derbyshire who would not give his surname, said they had to seize yesterday's chance to continue their journeys. His load of seafood for northern Italy would not wait.

Others dithered. One said be had just had a call from a colleague bound for Greece who was stuck on a roundabout south of Lyons. Mr Eddie McCalliog from Oldham, Lancashire, waited to ring up a fellow driver who set out on the road towards Paris, only to bave his worst fears confirmed – the colleague had found himself halted balf an hour later.

Many drivers suspected the brief lifting of the blockade out of Calais was "a con". But Mr Philippe Rault of the CFDT union said he knew of no trap to ensnare drivers further down the road. In fact, he admitted, he did not even know where the other blockades were.

Support for continuing the protest seemed strong from the pickets. An older striker, Mr Marcel Beaudel, said the main point had been won – retirement at 55. But Mr Rault and others said pay was the key point. They had been offered f per cent and a "derisory" Christmas present of a one-off FFr1,500 ($300), when they were demanding e 20 per cent rise. Mr Rault, who confessed he would settle for 5 per cent, said the mobilisation was so great that "if anyone's going to lower their trousers, it will be the employers, not us".

Most drivers from the UK, the land of social deregulation, sympathised with the French cause, saying the lot of French drivers was worse than their own. "At least we get paid for all the hours we work; these French don't," said one. While deeply irritated at being caught up in the protest, drivers would prefer to be at Calais than at some isolated spot.

"The ferry companies of SeaFrance and Stena have been marvellous and have paid our meals, and SeaFrance even offered us free trips back as foot passengers to the UK to get more money and clothes," said one stranded trucker.

Across France the strikers yesterday completed a blockade of oil refineries. About 5,000 of 18,000 petrol stations were either dry or feeling shortages, an industry ministry official said.

The roadblocks have forced some factories to close and hit supplies of perishable goods ranging from fish to fruit and flowers.

Fruit and vegetable merchants in the huge Rungis market south of Paris have nearly all been affected by the roadblocks. But, surprisingly, some were benefiting. Business has seldom been better for Mr Guy Ginestet's GGF onion, potato and garlic operation. "We are selling more than we usually do because produce from the Midi [the south of France] is not being delivered," he said. "Our produce comes from the Loiret."

The merchants worst affected appear to be those specialising in produce from southern French centres such as Marseilles and Perpignan – principally items such as lettuces and tomatoes at this time of year.

The majority seem to be muddling through with varying amounts of ingenuity, helped by the relatively free flow of traffic in the Paris area. The market itself is not being blocked. Most merchants report that produce has been arriving from the two main airports in the region with relatively few problems. "Everything from abroad comes to the airports," said an employee of Wellpict Berries, which had products as exotic as Madagascan lychees in stock. "It arrives late, but it arrives."

An Italian driver to Dover yesterday keeps in touch with events via his mobile phone. Ashley Ashwood

Police keep wheels turning slowly on UK side

Surveying some 250 lorries parked in the Ashford truck stop, 20 miles from Dover yesterday, Kent police Sergeant Garry Fittall knew he was having an easier time than his French counterpart across the Channel, writes Jimmy Burns in Dover. "Its running very smoothly considering the problems we English are encountering on the French side. It could have been far worse," he said.

Under Operation Weevil, code-name for their plan to minimise the inconvenience of the French dispute, Ashford is where drivers find themselves compulsorily diverted. Only after they have been cleared by police can they proceed in small groups under escort towards another waiting area, before finally reaching Dover. There, a further wait of eight hours was in store yesterday for those lucky enough to get through the port barrier before queueing for the 3½-hour crossing to Zeebrugge, according to local harbour officials.

"Its all under control," a spokesman for the Dover port authorities said. Beneath the stoic veneer, however, there was no doubting the tension along the line of waiting drivers.

Among them was Mr Tom Heskin, a Dublin owner-driver with 20 tonnes of Irish-made rubber components destined for Germany. "If this goes on much longer, I'm going to lose what I was going to get paid for bringing some components back with me. That's about £500-£600 ($850-$1,000) per day just in terms of my personal income. Call this a united Europe? It's thrown it out of the window," he said.

Nearby, Mr Manuel Sanchez Miras, a Spanish driver, was frying himself an omelette and a sausage by the side of his truck. "If you can't move you might as well eat," he said. "This will cost my company at least an extra day and a half. They are going to have to pay me, and it will cost me the kilometres I can't charge them for getting stuck."

Mr Miras was on his return journey after spending most of the week using a mixture of personal creativity and luck to deliver his cargo of Spanish lettuces from Murcia on the eastern Spanish coast to his UK customer near Portsmouth before their sell-by date.

Travelling by night through minor roads north of Bordeaux, he had evaded many of the blockades. Many of his colleagues had chosen to play by the rules and lost their cargoes as a result. "I blame the French government. They should have solved this earlier by giving the lorry drivers the wages they are asking for," he said.

Nearby, several Spanish, Italian, Irish and Portuguese drivers shared scepticism about the strike held primarily by the English. "I blame the French police and their collusion with the French lorry drivers," said one.

VW refuses comment as speculation grows executive will quit

Position of López shakier

By Haig Simonian, Motor Industry Correspondent, in London

Speculation rose yesterday that Mr José Ignacio López, Volkswagen's bead of purchasing and production, will resign today following a series of legal setbacks for the German carmaker in its battle with General Motors over alleged industrial espionage.

VW declined to comment on reports that a supervisory board meeting this morning at its Wolfsburg beadquarters would accept Mr López's resignation.

Tbe company took tbe unusual step of faxing news agencies and newapapers telling them not to bother to ring for comment after a front-page story in Handelsblatt, the German business paper, cited "well informed sources" tbat Mr López would quit. Tbe speculation was later fanned by a number of news agencies which quoted sources "close to the company".

GM claims Mr López and some collaborators stole trade secrets wben they defected to Volkswagen in 1993 – a cbarge VW bas rebutted. Rumours of his departure, whicb is one GM's conditions for an out-of-court settlement of tbe dispute, prompted a sharp rise in VW's sbare price, which closed up DM11.75 at DM613.

The rise recovered about balf the fall on Wednesday after a US district court in Detroit ruled that GM could proceed witb its civil law suit against VW under the draconian Racketeer Influenced and Corrupt Organisations (Rico) Act.

López: under threat

Further information about Mr López's future may become available at a press conference in Wolfsburg, VW's beadquarters, this afternoon. Although called to discuss VW's plans for the Hanover international fair in 2000, the meeting will provide the first opportunity for journalists to quiz senior managers since this week's court decisions.

The latest turn of events suggests thet an earlier possibility that Mr López might be sent to South America to head the company's big Brazilian subsidiary, in an attempt to defuse the crisis and distance him from the battle, may bave been rejected as insufficient.

Even Mr López's resignation, were it to bappen, would oot satisfy GM's list of requirements for a settlement. It also wants, "among other things", a public apology and substantial damages.

French growth rate picks up in third quarter

By David Owen

The Frencb economy rebounded sbarply in the third quarter, providing a mucb-needed boost to the country's struggling centre-right government and keeping it just about on course to meet its modest full-year growth target of 1.3 per cent.

Figures released yesterday by Insee, the national statistics institute, showed e 0.9 per cent rise in third-quarter gross domestic product.

The institute also revised up its preliminary second-quarter figures, saying the economy contracted by 0.2 per cent, rather than a worse-than-expected 0.4 per cent originally announced.

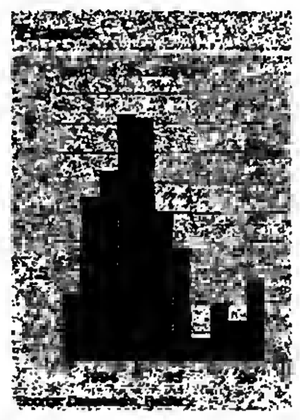
Slower growth is expected in the final quarter, particularly if the current truck drivers' strike is protracted or spreads to other sectors.

Mr Jean Arthuis, finance minister, immediately seized on yesterday's figures, claiming thet the government'a 1996 growth target was now "plausible". He also confirmed his forecast of 2.3 per cent growtb in 1997. "Growth is becoming more consistent," he said. "I confirm without ambiguity our forecasts for 1997."

It is more than usually important that the government meets its 1997 growth target. This is beceuse it would improve chances of cutting its general financial deficit to 3 per cent of GDP in 1997, in line with the Maastricht convergence criteria for European monetary union, without beving to impose new austerity measures on a morose French public in the run-up to parliamentary elections.

Yesterday's figures were coloured by a strong 13.6 per cent upturn in new car purchases as consumers rushed to take advantage of a time-limited government incentive programme.

Other positive factors included foreign trade, which has drawn second wind in recent months, contributing 0.3 percentage points to third-quarter GDP growth, and business investment, whicb jumped an encouraging 2.7 per cent after a 0.9 per cent fall in the second quarter.



Stocks, however, continued to decline, making a negative contribution of 0.3 percentage points to the overall GDP figure. Manufacturing production rose 1.7 per cent, after a 0.4 per cent increase in the previous three months.

● The French franc tumbled yesterday after e Bank of France council member launched a stinging ettack on Germany's monetary policy and said it might be necessary to devalue the franc against the D-Mark. The franc slid more than a centime against the D-Mark before retracing to trade at 3.393 by the close in London. The comments by Mr Jean-Pierre Gerard, seen as a member of a minority camp on the council in favour of easier monetary policy, served to stoke a growing row over France's strong franc policy triggered last week when former French president Mr Valéry Giscard d'Estaing called for a sharp devaluation to revive the flagging economy.

Currencies and Money, Page 23

Serb opposition vows to recover lost seats

By Laura Silber in Belgrade

Serbian opposition leaders yesterday vowed to reclaim a string of local electoral victories whicb tbe ruling Socialist party bas overturned. But, as mass protests grew, they also urged supporters not to attack government buildings.

Ten days after e municipal ballot whose results were annulled by court decisions at the Socialists' bebest, a wave of street demonstrations by tens of thousands of people sbowed no sign of abating. Tbe protests pose the most serious challenge to the regime of President Slobodan Milosevic since be rose to power in 1987.

"We will regain all [our] electoral mandates," Mr Vuk Draskovic, a leader of tbe opposition coalition Zajedno (Together), told protesters yesterday in the centr of Belgrade. He later threatened to withdraw co-operation from all elected institutions, including the Serbian parliament where the opposition controls a quarter of the seats.

But Serbia's Socialists (formerly the Communist party) claimed a sweeping victory in Wednesday's run-off municipal elections in key Serbian cities, including Belgrade. The opposition had urged residents of the capital to boycott the poll.

Wednesday's demonstratioo brought the first signs of violence, with protesters smashing windows in buildings associated with the Milosevic regime. Yesterday, Mr Draskovic appealed to them not to give Mr Milosevic a pretext for crushing the demonstratioos, tbe first eustained mass protests since 1991 and 1992.

"Provocateurs of the regime and isolated extremists threw stooes. We absolutely denounce any acts of violence... Throw only eggs at them," be said. "I personally guarantee to pay for the repair of the broken windows when Televisioo Serbia broadcasts the truth."

The protests, which have also gripped a bandful of other Serbian cities, beve taken the regime, the opposition and the west by surprise.

It remains uncertain whether Mr Milosevic is aware of their extent. He virtually rules alone except for bis influential wife, Mrs Mirjana Markovic, who is currently in India.

It also remains unclear wbether the opposition can use the demonstrations to effect change. Mr Milosevic controls all instruments of power, the police and army, the media, and finance.

Tiny Radio B-92, the only independent electronic medium in Belgrade, yesterday was once again jammed intermittently wben it broadcast news.

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EUROPEAN NEWS DIGEST

Rexrodt cuts coal subsidies

Mr Günter Rexrodt, Germany's economics minister, announced yesterday a cut of DM800m ($530m) in financial help for the coal industry next year, setting a trend which he hopes will lead to the subsidy's eventual abolition. Mr Rexrodt told the German Bundestag that coal subsidies by his department – worth nearly DM10bn this year – could not escape the pressure for federal budget savings needed to meet the Maastricht criteria for economic and monetary union. "It is not on for coal to be left untouched and to cut disproportionately help for middle-size businesses, research and development, and east Germany," he said during the penultimate day's debate on Germany's 1997 budget.

Mr Rexrodt has made clear his personal view that the coal subsidies, which account for more than half his department's budget, should be abolished within 10 years. Next year's budget, expected to be approved by MPs today, will reduce the economic ministry's subvention from DM9.8bn this year to about DM9bn.

IG Bergbau and Energie, the mining and energy union, argues the industry is unsustainable without government support and, together with Ruhrkohle, Germany's largest coal company, has drawn up long-term proposals for halving the industry's work force but continuing a subsidy of DM5.5bn a year. *Ralph Atkins, Bonn*

Lights flicker in the powerhouse, Page 13

Brussels ultimatum to VW

The European Commission has given Volkswagen two months to respond to complaints that it has been refusing to sell VW and Audi cars to non-Italians in Italy. The investigation follows objections mainly from Austrians unable to buy the cars in Italy, where they ere cheaper than in Austria. Car distributors are alleged to have put pressure on dealers not to sell to such customers, nor to customers from Germany and France. The Commission says that although distributors enjoy certain protective privileges, they may not prohibit such cross-border activity under single market rules.

The statement of objections from Brussels was produced after its officials inspected Volkswagen and Audi in Germany, and their joint Italian importer, Autogerma, last year. According to an official, the Commission would remove VW's right to run exclusive dealership networks if it did not end its practices in Italy. *Emma Tucker, Brussels*

Tietmeyer airs Italy doubts

Mr Hans Tietmeyer, president of the Bundesbank, yesterday made clear his doubts about the prospect of Italy becoming a founder member of European monetary uniou by pointing out that the country was still some way from meeting the entry criteria.

"Italy certainly has more to do," he said in a speech in Florence. However, he noted that most countries wishing to participate in Emu did not yet meet the criteria, including Germany. Mr Tietmeyer, who pushed last weekend for the re-entry of the lira into the European exchange rate mechanism at a stronger rate than Italy had wanted, said he was pleased by its return to the ERM. But be noted pointedly that Germany would have preferred the lira to have stayed in the ERM during the currency crisis of autumn 1992 – "Italy then decided otherwise". *Andrew Fisher, Frankfurt*

Mladic quits as army leader

General Ratko Mladic formally gave up leadership of the Bosnian Serb Army yesterday, easing tensions in a power struggle between Serb civil and military authorities. President Biljana Plavsic of the Bosnian Serbs presided over the ceremony, arranged after Gen Mladic, an indicted war criminal, agreed to quit late on Wednesday. He was replaced by Gen Pero Colic, who had been appointed three weeks ago by the civilian lesdership in spite of Gen Mladic's refusal to be dismissed.

Gen Mladic's removal is seen as e victory for his rival, and fellow indicted war criminal, Mr Radovan Karadzic, formerly Bosnian Serb president and still believed to exert influence in the capital Pale. The Dayton peace eccord which ended Bosnie's three-and-a-half year war bars any person indicted for war crimes from bolding office and Gen Mladic's continued role as bead of the Bosnian Serb army was a constant irritation to the international community. *Reuter, Pale*

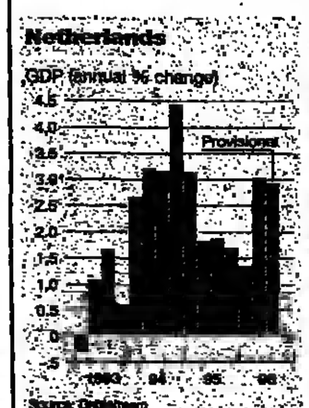
Summary trial for Fiat chief

A Turin judge yesterday accepted a request from defence lawyers for a summary trial of Mr Cesare Romiti, Fiat's chairman, and Mr Francesco Paolo Mattioli, its director, on charges of falsifying company accounts. As a result, the long-standing investigation into the automotive group's accounts from 1985-91 will now be wound up and a trial held early in the new year. Under summary procedures, the trial is beld behind closed doors with only prosecution and defence lawyers present.

The prosecution has alleged that Fiat's accounts were structured to conceal off-balance-sheet items that included the illicit financing of political parties. Among the evidence is a statement from Mr Bettino Craxi, the former Socialist premier living in self-imposed exile in Tunisia, claiming Fiat provided his party with funds. *Robert Graham, Rome*

ECONOMIC WATCH

Dutch economy up 3%



The Dutcb economy grew at a rate of 3 per cent to the third quarter, down only slightly from the revised 3.1 per cent year-on-year figure for the previous three months. According to provisional figures yesterday from the central statistics bureau, seasonally adjusted growth was 0.7 per cent compared with April-June. Recent performance is significantly stronger than in the first quarter, when gross domestic product rose only f.4 per cent.

Production of goods in the latest quarter was up 3.6 per cent compared with a year earlier; commercial services grew 3.1 per cent. Consumer spending, meanwhile, rose 3.2 per cent in the third quarter – better than many expectations – against 3 per cent in the previous three months. Purchases of durable goods were particularly strong, up 7 per cent. Food spending was up 1.8 per cent, but, after a strong run, consumer confidence this month has showed signs of weakening. *Gordon Cramb, Amsterdam*

■ Danish consumer prices rose 0.1 per cent in October from September. Year-on-year they were up 2.4 per cent. Unemployment fell to a seasonally adjusted 8.3 per cent in October from 8.4 per cent in September.

■ Belgian consumer prices rose 0.15 per cent in November from a month earlier, giving a year-on-year rise of 2.36 per cent.

■ German plant and machinery orders fell a price-adjusted 3 per cent in October from a year earlier. Domestic orders fell 1 per cent and foreign orders were down 4 per cent.

Accord likely on Danish budget

By Hilary Barnes in Copenhagen

Denmark's minority coalition government appeared yesterday to be sure of a majority in the Folketing to carry the 1997 Finance Bill after concluding a budget agreement with the leftwing opposition Socialist People's party (SPP).

For the past week there has been speculation that the government would be forced to call an election because it would be unable to muster enough backing for the bill by the December 19 deadline.

The coalition, which consists of the Social Democratic party and two small centre parties, the Radical Liberals and the Centre Democrats, ran into dire trouble when it failed to obtain support for the Finance Bill from any of the four rightwing opposition parties.

But tha govarnment, which has 76 seats in the 179-seat parliament, has now secured support of the 13 deputies of the SPP and looks able to win the abstention of the six members of the far left Unity List.

The deal with the left-wingers leaves the budget balance unchanged. "The economic stability we have worked so hard to establish will be maintained," declared Mr Mogens Lykketoft, the finance minister.

The price exacted by the SPP for its support includes, among other points, additional places in tertiary education, more make-work jobs in local government for the unemployed, higher allocations for research into renewable energy resources and astablishment of a system of spokespersons for children who ars involved in divorce proceedings.

Cuts in direct subsidies to business, the abolition of a state insurance fund for merchant ships affected by wars, and sale of state property provide most of the finance for the additional expenditures.

The government still needs to obtain an agreement with the Unity List to abstain in the December 19 vote, rather than voting against tha budget.

However, the Unity List is expected to let the government off the hook by accepting a deal under which the government will drop a proposed increase in prescription charges for medicine.

The authority of the government, led by Mr Poul Nyrup Rasmussen, the Social Democratic party leader, has been sapped by a series of recent mishaps.

The most serious incident was its mishandling of a visit to Denmark earlier this month by UK author Salman Rushdie, who is threatened with a fatwa (death edict).

His visit was cancelled on security grounds but reinstated after the government was accused of cowardice in face of the Iranian threat.

Call for early law to free pensions

By Emma Tucker in Brussels

A panel of experts charged with examining obstacles to free movement of people inside ths European Union has urged the Commission to bring forward legislation to help them take their occupational pension schemes across borders.

But the recommendations fall short of eliminating all the obstacles associated with supplementary pensions, reflecting the extrema sensitivity of the issue, particularly in Germany.

The panel, chaired by Mrs Simone Veil, the former French MEP, says legislation should concentrate on the preservation of rights of individuals. For example, a worker who leaves a supplementary pension schema to work for another employer in another member state should not lose the rights acquired in the first schems which he would have kept whila remaining in the first member state.

Secondly, the legislation should concentrate on actual payment of the pensions. At the moment, pensioners in one member state suffer difficulties in receiving payments from a pension acquired in another.

Lastly, it wants legislation to tackle the disadvantage of changing schemes when a worker temporarily works in another member state.

But it does not tackle the problem of so-called vesting periods: the time which people must work for s company before qualifying for benefits. Germany has a vesting period of 10 years for most company pension schemes, and employees who leave a company before 10 years are up are penalised.

A Commission proposal earlier this year progressively to reduce vesting periods to no more than five years met resistance from Germany. The panel has suggested a new body, the European Forum for Pensions, deal with the problem.

Russia set to intervene more in industry

By John Thornhill in Moscow

The Russian government yesterday ontlined a more interventionist industrial policy that included limited state support for a few strategic enterprises, temporary protectionist measures for some hard-pressed industries, and further liberalisation of the energy sector.

Mr Yevgeny Yasin, economics minister, said the proposals were designed to tackle the "serious structural crisis" in Russian industry, which was impeding economic growth – although they would inevitably prodnce higher unemployment.

"Our policy must he geared to restructuring industry, to providing active support to strong industrial entsrprises so that they could spearhead the recovery of Russian industry," he said.

Mr Yasin, traditionally viewed as an economic liberal, argued the government should use strictly controlled federal budget loans to support strategic industries, such as the atomic, aerospace, and power engineering sectors to enabls them to become globally competitive.

But other sectors, such as the oil and gas industries, would be left to fend for themselves and raise money in the merket place. Ths government must, however, alter the tax regime to stimulate greater investment, Mr Yasin said.

Soma protectionist measures would still be needed to enable the car, textiles, machine-building and transport industries to restructure operations before facing full global competition but these tariff barriers would eventually be phased out, he said.

The minister said these ontline concepts would be turned into a concrete action plan by the end of the year.

Mr Yasin's proposals come at a time of intense debate over the government's role in the economy and amid fears that a group of powerful banks is using its Kremlin connections to dictate a nsw corporatist policy restricting competition and limiting foreign investment.

But Mr Vladimir Bulgak,


Yevgeny Yasin, Russian economics minister: sees 'serious structural crisis'

communications minister, yesterday dismissed reports that a new scheme for privatising Russia's telecommunications network would be restricted solely to nstional banks.

Mr Bulgak said a 25 per cent stake in Svyazinvest, the national telephone holding company, would next year be sold in lots to both Russian and foreign investors. "We will attract to this process not only Russian banks, but also other financial structures and leading telecommunications companies which may form a small consortium," he said.

Mr Bulgak confirmed the government had dropped plans to sell the stake to one foreign strategic investor and estimated the 25 per cent stake could be worth between $2bn and $4bn.

Several Moscow-based banks are already trying to put together consortia, including foreign investors, to bid for the stake.

Carving up Russia, Page 13

Greece hit by 24-hour strike

By Kerin Hope in Athens


A Greek protester gestures in Athens yesterday against the 1997 austerity budget. A 24-hour strike has crippled public services, transport, schools and hospitals Reuter

Greek public sector unions took to the streets yesterday in a 24-hour strike called to protest against the Socialist government's plans to cut tax allowances and freeze public sector hiring.

Transport was severely disrupted, with international flights being delayed by three-hour stoppages by Olympic Airways and civil aviation workers.

Bus and train services were halted and many Athens taxi drivers joined the walkout.

The unions backed the Socialists' plans for modernising the economy during last September's general election campaign.

But yesterday's large turnout by civil servants and bank employees from the Greek Confederation of Labour signalled their determination to make sure that reform is implemented in slow stages.

The strike came one day before Mr Yannos Papantoniou, the economy minister, submits what he has called "the toughest hudget in 15 years" to parliament. It aims at cutting more than three percentage points off the government deficit next year in order to keep alive Greece's chances of joining the single currency by 2001.

Mr Papantoniou says be hopes to achieve savings of Dr1,000hn ($4.2bn) in 1997, mainly through increased tax revenues and tighter spending controls on state enterprises and welfare organisations.

However, the public sector workers have already a promise of real wage increases next year of about 2.5 per cent.

The Socialists have already made significant concessions on wages this year, allowing extra increases for bank workers and introducing productivity bonuses which brought civil servants' real wage increases to around 11 per cent.

By giving way over wages, the government bopes to secure union backing for faster privatisation and administrative reforms resulting in job cuts. Even partial flotations of state enterprises on the Athens stock exchange have been held up by union opposition.

From next year the government plans to hire one public sector worker for every five who leave and fill vacant posts by transferring employees.

But this policy will be hard to carry out, given the Socialists' practice of stuffing the public sector with political appointees and unions' success in resisting cuts.

Public sector employment increased by almost 3 per cent last year despite the economy ministry's attempts to regulate hiring.

Brussels threat in bid to open postal markets

By Neil Buckley in Brussels

Mr Martin Bangemann, EU industry commissioner, warned yesterday that the European Commission might use special powers to enforce competition in tha EU's $75bn postal market, after attempts by ministers to agree on opening parts of the market ended in deadlock.

Despite pressure from the Commission for agreement on an 18-month-old draft directive, two versions of a Franco-German compromise and proposals from Ireland, holder of the EU presidency, failed to gain the necessary qualified majority among ministers in Brussels.

Mr Bangemann hoped agreement could be reached during the Dutch presidency of the EU, in the first half of 1997. But he warned that, in the meantime, the Commission might have to deal with long-standing complaints from private mail carriers about lack of competition in postal markets. Under article 90 of the Rome Treaty tha Commission can challenge the powers of national monopolies if they operate against the public interest.

"Article 90 is something obliging us to take action if there are complaints, and we already hava complaints," Mr Bangemann said. But he added action would require a decision by the full college of 20 commissioners.

Little progress has been made towards postal liberalisation since the Commission published its draft directive in July last year, because of reluctance by several states – notably France – to allow competition. France fears a clash with postal unions and a backlash from citizens with a deep-rooted attachment to public services.

But the Commission's original draft was limited in scope. It allowed member states to retain postal monopolies within s "reserved area" – ordinary domestic letters weighing up to 350g – to ensure a universal, affordable service was maintained to all citizens, even those in costly, remote areas.

Outside the reserved segment, equivalent to 80 per cent of the postal market, competition would hs allowed from 2001. That would includa mainly cross-border mail and "direct mail" – advertising and publicity material mailed in bulk.

UN warns of Aids 'explosion'

By Clive Cookson, Science Editor

The Aids epidemic is still spreading explosively through Africa and Asia – and beginning to threaten central and eastern Europe, the United Nations Programme on HIV/Aids (UNAids) said yesterday.

Three million more people have been infected this year with HIV, most of them under 25, bringing the total living with the Aids virus to 22.6m. And the death toll is rising fast. UNAids said: 1.5m people have died of Aids this year, including 350,000 children.

Even though Aids is already one of the world's biggest killers, Dr Peter Piot, director of UNAids, said the epidemic was still only beginning. He warned that some commentators were becoming complacent, because there had been no HIV epidemic in the industrialised world and because the pharmaceutical industry had recently reported success in testing new drug combinations that keep the infection under control.

"We must remember that 90 per cent of people living with HIV/Aids are in developing countries with little access to health care," he said. "The only true hope for the entire world is prevention – education efforts, new forms of protection and development of a vaccine."

The virus is moving into the previously uninfected countries of eastern Europe and spreading fast through southern Asia, particularly India, where at least 3m people are HIV positive.

But the UNAids report (released to mark World Aids Day on Sunday) makes clear that sub-Saharan Africa is still affected far more seriously than any other part of the world. There, the virus is being carried by more than one person in 20.

Prevention campaigns have had some success. Infection rates are falling in Tanzania and Uganda, said Ms Noerine Kaleeba, a UNAids community adviser in Africa. "But I shudder to think what is happening now in Rwanda, Burundi and Zaire," she added.

UNAids believes recent African crises – natural disasters, social disintegration, armed conflict and mass migrations – have intensified the rise of HIV.

● UNAids said yesterday it had signed a three-year agreement with the US-based Female Health Company to supply female condoms to health services worldwide at a reduced "global public sector price".

The UN programme sees the female condom – sold as Femidom in the UK and Reality in the US – as an important alternative to the male condom in campaigns to prevent Aids spreading, because women control its use. The product is manufactured in the UK at Park Royal, west London.

A survey showed a global public sector requirement for 7m female condoms in 1997. Their price has not yet been finally fixed but it will be significantly below the US retail price of $3 each.

Crash liability question still up in the air

Robert Rice assesses the decision of five European carriers to abandon compensation limits

The announcement this week by five European airlines that they are to abandon limits on compensation for victims of international air disasters suggests the 25-year impasse on the question has finally been broken.

KLM, SAS, Swissair, Austrian Airlines and Finnair appear to have pre-empted implementation of the so-called inter-carrier agreement reached last year by the industry through the International Air Transport Association (Iata).

Under the accord, reached after years of failure by governments to agree a uniform rise in the 1929 Warsaw Convention liability limits, airlines can agree either to pay unlimited damages, or to pay the level of damages that would be awarded in passengers' home countries.

The Warsaw Convention originally limited liability to $10,000 but most countries have since raised that figure. The US set a $75,000 limit and many European airlines have opted for $140,000. These figures may be exceeded only where a claimant can prove wilful misconduct by the airline.

So far, more than 70 carriers have signed the inter-carrier agreement and 39 have taken steps to introduce it. According to Iata, the five European airlines which have now settled for unlimited liability were among the first to implement it. Their announcement, therefore, is seen by many in the industry as a straightforward public relations exercise.

The five are following the lead of 10 Japanese carriers, led by Japan Air Lines, which adopted unlimited liability in 1992.

At the time, Mr Peter Martin, the English aviation lawyer who drew up revised conditions of carriage for JAL, predicted that the popularity of the move with passengers would force all the world's main airlines to follow suit.

It has taken four years for him to be proved partially right and even now there is some doubt among aviation lawyers whether the inter-carrier agreement is a complete solution to inadequate compensation levels under the Warsaw Convention.

Mr Dermot Scully, of London solicitors Harbottle & Lewis, believes the move towards unlimited liability is now "unstoppable" and he expects most airlines, especially those involved in global alliances, to follow suit over the next 12 months.

But Mr Neil McGilchrist, a partner of City solicitors Beaumont and Son, thinks that many are still unhappy with the inter-carrier agreement and will not rush to implement it.

Doubts first arose when Iata submitted it for approval to the US Department of Transportation, which began by insisting that the "option" for carriers to adopt the liability laws of the passenger's home jurisdiction be made mandatory. Many European carriers understandably balked at the prospect of having US civil court juries deciding the appropriate level of damages for American citizens killed in an accident involving one of their aircraft. Iata was forced to point out to the US that its position threatened the viability of the whole agreement.

The department finally relented and, with a great flourish, announced on November 12 that the inter-carrier agreement would come into force with immediate effect as far as those airlines which had signed it were concerned.

Many of those airlines take a different view, however, particularly as the US approval came with conditions attached, one of which was that the department has the right to amend the agreement unilaterally.

As a result, says Mr McGilchrist, the industry is likely to split on the question of liability. Some will follow the Europeans' lead, but others, particularly third world airlines, may not go along with unlimited liability and the extra costs it could entail.

There is also a view that, by itself, the agreement is not a complete solution. Says Mr Scully: "There is a private law agreement, there will still be a need for an inter-governmental agreement to replace Warsaw."

The European Commission is drawing up a new agreement covering European airlines which includes automatic payments of Ecu50,000 ($63,000) to passengers or their relatives within 10 days of an accident, strict liability up to Ecu100,000, and unlimited thereafter. But aviation lawyers doubt this agreement is workable, particularly the automatic payments within 10 days.

Mr Richard Venables, a partner of London solicitors Lane & Partners, believes another intergovernmental agreement is essential because, apart from anything else, without a uniform approach to liability, passengers will never know with certainty what level of cover they have in the case of an accident.

Airline liability, it seems, is set to remain confused for some time to come yet.

World's worst air disasters

Canary Islands	1977	KLM/PanAm	583	Ground collision
Mt Osutaka, Japan	1985	JAL	524	Crashed
Delhi, India	1996	Saudi/Air Kazakhstan	351	Mid-air collision
Kinshasa, Zaire	1996	African Air	350	Crashed
Paris, France	1974	Turkish Airlines	346	Crashed
Off Ireland	1985	Air India	329	Exploded
Riyadh, Saudi Arabia	1980	Saudia	301	Caught fire
The Gulf	1988	Iran Air	290	Shot down
Chicago, US	1979	American Airlines	273	Crashed
Lockerbie, UK	1988	PanAm	270	Blown up

Source: Reuter

Africa could be '21st century boom region'

By Michael Holman, Africa Editor

Africa could be a "boom region" of the 21st century if its prodncts are given better access to world markets and its governments implement economic and political reforms, Mr Malcolm Rifkind, Britisb foreign secretary, said yesterday.

"The best belp the developed world can give to Africa is to buy what African countries produce," he told a meeting in London at the Royal Institute for International Affairs.

"As Africans strive to launcb their products on world markets, we must ensure that those markets are open for African exports.

"It is in our own self-interest. The whole world will gain if Africa thrives. The whole world will lose if Africa is held back," said Mr Rifkind, in his first address devoted to Africa since becoming foreign secretary in July last year.

Privatisation, trade liberalisation, and floating exchange rates were proving to be the "route to prosperity" for increasing numbers of African countries.

But he warned that Africa risked falling further behind Asia and Latin America if it failed to develop regional co-operation in order to play a bigger role in the global economy.

Investment opportunities in Africa "have never been better", he said. Noting that private investment flows to developing countries now outweigh government development assistance by more than two to one, Mr Rifkind urged Africa to "tap into this money".

But, he added: "Investors do not want to pnt tbeir money into countries where profits are soaked up hy kickbacks to government ministers, or invest in countries whose stability depends on the government's ability to suppress all dissent."

"We need to open our eyes to the new African realities, and not be blinded by the tragedies."

The foreign secretary condemned what he called the "depressingly protective" stance the European Union had adopted to trade with South Africa.

"Some developed countries are generous with their rhetoric," be went on, "but Scrooge-like with their market access.

"In agriculture, in particular, our partners want to limit access to the EU for precisely those goods which the South Africans are best placed to export successfully – maize, fruit, wine."

Mr Rifkind said he had "no set recipe for the style of government in Africa.

"The structures that have worked in the west may not be right for Africa. But I would say that governments that work, only work because they represent their people... [who] must have the freedom to choose an alternative."

Political eccountability was essential if economic reform was to work.

Turning to the refugee problem in Zaire, Mr Rifkind reaffirmed Britain's willingness to provide humanitarian assistance, but said that "the need for military intervention is now less clear".

Rifkind: 'African investment opportunities never better'

China gets the measure of western investors

Is this month's $648m EdF/GEC Alsthom power station deal a model for future contracts, asks **Sophie Roell**

Beijing helieves its agreement this month with Electricité de France, the French utility, and GEC Alsthom for a privately financed $648m power station in southern China is the way forward for such schemes. But foreign investors are sceptical about whether the project will herald a wave of similar power plants.

The 700MW Laihin 'B' power station in Guangxi will be the first such concession awarded to a foreign consortium. Chine's State Planning Commission had sponsored the Laibin bidding as a means of establishing guidelines for build-operate-transfer (BOT) vantures. These, in time, will become part of a BOT law, now being drafted.

Mr Robin Earle, associate director at Deutsche Morgan Grenfell, welcomed the first strong signal from China's central government of the terms on which it wants foreign developers to participate in China's power industry. "We now have a clear framework as provided by Laibin," he said.

But another specialist banker gave a more grudging, if anonymous, verdict. The terms were "not bad", he said – not exactly a ringing endorsement, but at least a step forward. In recent years the Chinese government's reluctance to offer adequate terms to foreign developers had prevented all but a handful of privately financed power projects going ahead.

In awarding the Laihin contract, the Chinese government appeared to have put a preoccupation with returns on investment achieved hy foreign investors firmly behind it. Developers bid for the contract on the hasis of the price at which they could produce and sell electricity, leaving it to them to determine what returns they could get from their offer. Return on equity bas heen one of the most contentious and confusing issues in the private development of power projects in China, with the Chinese trying to impose an informal "cap" of around 15 per cent.

However, bankers warn that BOT schemes in China will still stumble on other concerns which have prevented export credit agencies and banks from financing projects in the past. These include lack of legal safeguards, foreign exchange risk, concern about the credit worthiness of the power utilities, and fuel supply risk.

In other developing countries, governments have taken on part of these risks to enable infrastructure projects to go ahead.

The Laibin "model" allows for provincial governments in China to shoulder some risks. Under the concession agreement, Guangxi autonomous region will be respoosible for meeting obligations such as payment for electricity and ensuring adequate fuel supply.

Central government backing, however, will consist of statements of support, not legally binding obligations.

Since Laibin has achieved such prominance, these assurances are probably enough to raise financing. One Hong Kong banker points out that while some legal safeguards are still lacking, people believe that as the State Planning Commission (SPC) has said this is a model project, they are unlikely to let participants get messed around.

EdF and GEC Alsthom, the 50-50 power and engineering venture between GEC and Alcatel, will put up 25 per cent of the equity for Laibin. Of the debt portion, Coface, the French export credit agency, has agreed to guarantee about 65 per cent, the remainder to be financed at commercial rates.

Three banks – Banque Indosuez, HSBC and Barclays – have been mandated to arrange the loans. Mr Edmond Alphandery, president of EdF, says be is "very confident" the financing can be raised within the six-month deadline dictated hy the contract.

Bankers tend to agree, hut are also watching for the outcome of final negotiations with the SPC over the "letter of support". One banker noted that, in spite of pressure from Coface for further SPC commitment, the letter had not yet been finalised.

Such details may be critical in determining if the Laibin model can be replicated. Following the agreement reached earlier this month, China immediately invited pre-qualifying bids for a second "experimental" BOT project – the 700MW Wangcheng power station in Changsha, Hunan province.

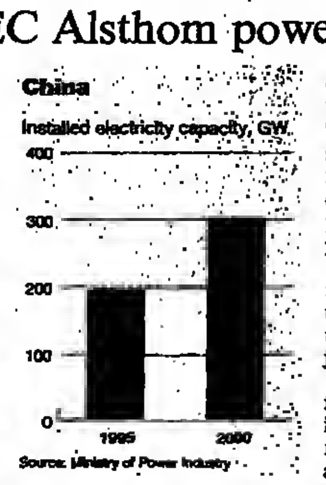
But there is a sense that lenders – particularly export credit sgencies who are keen to support their exporters – are generally more willing to deal with Chinese projects. To some extent there is resignation that if lenders want to get projects in China done, they will have to be satisfied with terms which might have looked less than attractive a few years ago.

Cbina's impressive build-up of foreign exchange reserves, which has, to some extent, mitigated foreign exchange risk, bas also helped.

After three years which saw virtually no deals completed, 1996 saw five joint venture power projects edge their way to financial close – though none had SPC support letters.

The largest was a $1.2bn power station being developed in Zhuhai, e special economic zone near Hong Kong, by a foreign consortium including Cheung Kong, the Hong Kong group. Both Japan's Export-Import bank and Hermes, the German export credit agency, have now lent to Chinese projects.

As Ms Susan Urkevich, project finance director at Hong Kong and Shanghai bank in Hong Kong, says: "If Laibin is a model, it is one of various models under development in China."



EU to challenge US rules on textiles

By Guy de Jonquières

The Europaan Union yesterday joined the international protest against recent changes in US customs rules for textiles and clothing imports by launching a challenge on behalf of Italian producers of silk scarves.

The Italian industry says the new rules threaten exports worth Ecu57m ($72m) a year. The European Commission said they could affect other EU exports, including British hats, German soft furnishings and Austrian cotton goods.

The EU will investigate the US policy under its trade barriers regulation, introduced this year. The regulation is designed to ensure that other countries provide fair market access for European exporters.

If the five-month investigation concludes the US policy infringes multilateral trade rules the EU may lodge a complaint in the World Trade Organisation.

The US policy, which took effect in July, changes the methods used to determine where imported textiles are made. It means scarves designed, dyed and printed in Italy, but mada of Chinese silk, may no longer be labelled as of being of EU origin and must be described as Chinese exports.

The products might then no longer enjoy the free market access which the US guarantees EU-made textiles and clothing and could be caught by tight quotas on imports from China.

Tha new US rules have been attacked by textiles exporters in China, Hong Kong and the Philippines, which recently threatened to bring a case in the WTO.

This is the first time the EU trade barriers regulation has been used. Ironically, it was intended to match the US section 301 trade legislation, which has mainly been used to try to prise open Asian markets.

Union chiefs put WTO summit 'on trial' over worker rights

By Robert Taylor, Employment Editor

Trade union leaders warned yesterday that the credibility of the World Trade Organisation would be "on trial" at its first ministerial meeting, to be held in Singapore next month. They are demanding that ministers create a working group to examine how the WTO'e rules can be adapted to link workers' rights with global trade.

The International Confederation of Free Trade Unions, a Brussels-based hody representing trada unions responsible for 127m workers in 136 countries, said it wanted a "mutually reinforcing relationship enhanced hetween core international labour standards and the multilateral trading system".

Unions plan to hold a conference in Singapore to press their demands on the eve of the WTO meeting.

But it seems increasingly unlikely that the governments et the eummit will accept the ICFTU's demands, despite support for them from the US and within the European Commission.

An alliance of industrialised countries – including the UK and Japan – and developing nations such as India, Malaysia and Indonesia remain opposed to any WTO link between labour standards and trade.

The ICFTU said the Singapore summit would show whether the WTO existed "only to help a minority of the world's population make profits" or if it would "create the opportunity for the majority to work for a decent living".

Without universal respect for basic human rights at work, "which enabled working men and women to struggle for a better deal, the multilateral trading system constructed by the WTO will become unenforceabla", it said.

The organisation wants countries to accept five minimum standards – freedom of association, the right to collective bargaining, a minimum age for employment, no forced labour and no discrimination in employment.

"These are enabling rights wbich provide an absolnte minimum of humane treatment et work and which would provide workers and employers with the means to negotiate improvements as trade and development expand," said Mr Bill Jordan, the ICFTU's general secretary.

"If intellectual property rights can be strictly enforced, why should minimum standards... be treated differently?" the ICFTU asked.

"The right to free market access confers a duty on all WTO members to observe fully the core labour standards defined by the Interne tional Labour Organisation.

"A fair and transparent multilateral mechanism for dealing with the gross and persistent abuse of basic international labour standards is both essential to preventing the resurgence of protectionism and as a sound basis for constructive competition in the global market."

The ICFTU argues that intensified global competition has led to a lowering of production costs through wage cuts and worsening conditions.

EU close to ending row over 'inhumane' traps

By Caroline Southey in Brussels

The European Union is close to resolving a five-year battle with the world's leading fur producers over the use of leg-bold traps, which animel campaigners say ere inhumane. Tbe EU had threatened to ban from January imports of furs from Russia, the US and Canada unless they outlawed use of the traps.

Last month the EU agreed to dilute its demands for a comprehensive ban on three types of traps. Instead Union negotiators proposed hanning eteel-jawed traps only, to be phased in within three to five years.

Canada and Russia have agreed to ban such traps. EU officials said US consent was imminent, bnt Washington bed difficulties because it would be hit the hardest by the ban.

"There is a fair likelihood there will be a deal," an EU official said. "Bnt it all hangs on what the US will do."

The fur producers bave also given ground by agreeing to tough criteria on testing the injury levels and killing times of traps.

Padded leg-bold traps and equatic traps would not be banned. Instead they would be subject to further tests and only be barred if there was proof that they caused high levels of damage or stress to animals.

"A deal would represent a major movement towards accepting world-wide etandards on humane trapping," an EU diplomat said.

However, a final settlement could be derailed by EU environment or trade ministers who have the final say on any deal. A number of countries, including the UK, Austria and the Netherlands wbich have led tbe campaign against traps, conld form a blocking minority against the deal.

EU officials said there was considerable pressure on the ministers to approve the deal to avoid a trade row with the US and Canada, which have threatened to refer any EU import ban to the World Trade Organisation.

"The countries which feel moet strongly about the issue will probably want to reconsider their positions. It's pretty clear the EU will lose a case in the WTO. We could then find ourselves in an even worse position than we are now," an EU official said.

São Paulo deal points way for Brazil

Dotted around the city of São Paulo are a series of concrete shells of half-built, high-rise buildings that look like the by-products of a property speculation bubble that has burst.

Hundreds of construction sites are lying dormant because the government of the state of São Paulo does not have the funds to pay for their completion.

These half-finished public works projects are monuments to the profligacy of São Paulo's government, which on Wednesday signed a restructuring deal for R$37bn (US$35.9bn) of debts, and to the misuse of Banespa, the bank that the state controls.

The buildings are also a physical reminder that Brazil's state banks, under the influence of powerful local politicians, have been a significant obstacle to the control of public spending.

Restraining high borrowing at the state level is a crucial element in reducing the country's stubbornly high budget deficit, which economists believe is vital if Brazil's economic achievements of the last two years, including single-digit inflation, are to be preserved.

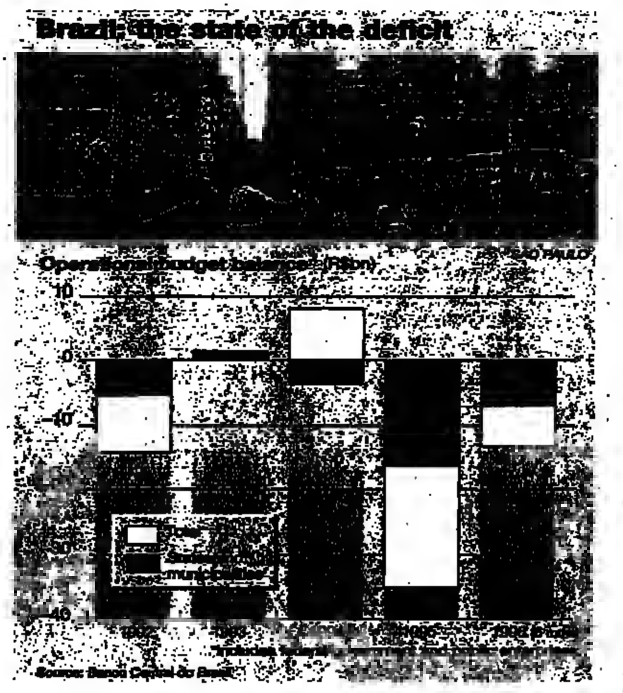
"The state banks are mechanisms for generating inflation and money creation," says Mr Norman Gall, executive director of the Fernand Braudel Institute of World Economics in São Paulo.

It is not surprising, then, that Wednesday's restructuring deal, which could lead to the eventual privatisation of Banespa, was greeted with relief by many economists and bankers.

The agreement, which took nearly two years to negotiate, was seen by many as a victory for those in the government who have been fighting to reduce political interference in the banking sector, of which Banespa has become a striking symbol.

According to Mr Mauro Schneider, chief economist at ING Barings in São Paulo: "It is a big part of the government's attempt to clean up the state banking system."

Under the terms of the deal, the federal government will refinance at least R$37bn of debts at a low interest rate, in return for São Paulo repaying 20 per cent of its debts from the proceeds of privatisations, which could include the largest electricity network in Latin America.



The initial phase of that repayment involves the transfer of a 51 per cent stake in Banespa to the federal government. If after a year São Paulo decides not to buy the shares back, the government will be free to privatise Banespa.

The main part of São Paulo's debts were built up under the governorships of Mr Orestes Quércia (1987-91) and Mr Luiz Antonio Fleury (1991-95). The half-finished building sites reflect ambitious public works schemes, some of which were timed to coincide with elactions, which left Banespa with loans to the state government now worth R$17bn.

By the time Mr Mário Covas took office in January 1995 as the new state governor, Banespa was already being run by the central bank, which had intervened the previous month to prevent a liquidity crisis.

Mr Covas has fought hard to stop Banespa being privatised, which would almost certainly lead to branch closures and substantial job cuts. With 70 of 513 deputies in the lower house coming from São Paulo, he has considerabla influence in national politics and is a close ally of President Fernando Enrique Cardoso.

His contacts appeared to have paid dividends in January, when a preliminary deal left the bank in public hands. However, the agreement fell through over interest payments which accrued while Senate approval was awaited and Mr Covas was forced back to the negotiating table.

Mindful of political sensitivities, Mr Pedro Malan, finance minister, was careful to stress that no decisions had been taken about Banespa's future. However, Mr Covas appeared to rule out a buy-back, saying: "I don't think it will be possible to recover the bank."

The São Paulo deal comes e few weeks before Banerj, the atate bank in Rio de Janeiro, is due to be auctioned to a private sector buyer, after benefiting from a similar restructuring agreement with the national government. Howaver, for many observers Wednesday's agreement was at best only a partial victory for the federal government. According to Mr Dany Rappaport, chief economist at MCM, a São Paulo consulting firm, "once again Brasília is stepping in to pick up the bad debts of the states".

Others point out thet Banespa's problems are far from being solved. Mr Gall believes it will be impossible to privatise Banespa, as the bulk of its deposits coma from the state government and its accounts from state employees.

No private sector bank would want to take on the job of making Banespa more efficient because of "the immense political pressure" they would face from state politicians, unions and local mayors, he says.

While the finance ministry has been praised for finally prising Banespa out of the hands of the state government, economists say its job is only half done. The danger is that the bank will simply pass from one part of the public sector to another, continue to draw on national resources and remain a barrier to lasting fiscal reform.

Geoff Dyer

Uruguay takes to pension reform scheme

By Stephen Fidler, Latin America Editor, in Montevideo

Some 30 per cent of Uruguay's labour force has joined new private pension funds in their first year, exceeding by far the expectations of both government officials and the World Bank.

The system, modelled in some respects after that in Chile, has attracted close to 315,000 members in its first year. This compared with expectations of 120,000-150,000 members before the pension reform was passed.

According to Mr Luis Mosca, minister of economy, the figure could grow to 400,000 soon. About 57 per cent of the new members are under 40. Mr Mosca said the unexpected success was due not only to a government awareness campaign but to heavy advertising by the seven pension funds competing for members.

By the end of 1997, the sum invested should reach 1 per cent of gross domestic product, he added. Uruguayan GDP is about $12bn.

However, there is a drawback from the point of view of the government, in that the success has meant higher fiscal costs than expected as people switch out of the state system.

The government expects the cost this year to amount to 0.6 per cent of GDP, which will be part of a 1.5 per cent fiscal deficit.

Mr José Pinëra, a leading architect 17 years ago of the Chilean system now being widely copied in Latin America, told a European-Latin American conference in Montevideo this week that some 14m Latin Americans were now members of private pension plans, some 5.5m each in Chile and Argentina and 1.5m each in Peru and Colombia.

Uruguay was part of a third generation of countries introducing the syatem, along with Mexico (to start in mid-1997), Bolivia and El Salvador, which had a pension reform before Congress.

Mr Pinëra said he hoped to see Brazil and Venezuela introduce aimilar programmes.

AMERICAN NEWS DIGEST

Venezuela calls truce on strike

A ten-day public sector strike over delayed payment of wage bonuses has been suspended for two days after Venezuelan President Rafael Caldera assured union leaders that overdue payments to workers would be made soon. "We called for a two-day truce as of Friday [today] to give the government a last chance to pay up," said Mr Carlos Borges, head of the public workers' union, Fedeunep.

Fedaunep had called for a general strike to pressure the government into paying 10 months of overdue wage bonuses worth Bs100bn ($212m). Workers marched to the national treasury yesterday, where the funds earmarked for wage bonuses were apparently held up by bureaucratic procedure. Many ministries and public offices were badly affected when workers took to the streets in protest on Monday last week. Mr Borges claims that nearly all 1.3m public workers participated in the work stoppage but the government disputes this.

It is the latest incident in a series of labour conflicts this year over delayed pay by the government and highlights an apparent disorder in public finances. "There's no transparency and order because there's no planning or a real budget," said Mr José Juan Gomez, an analyst with the economic consultancy Veneconomia. Wednesday's approval of the 1997 national budget by the lower house, could signal more order in the government's fiscal accounts.

Provided the executive does not veto last-minute budget changes, it would no longer have to request additional funding from congress for common public expenditures, as it had to do this year. *Raymond Colitt, Caracas*

Salinas interrogated in Dublin

Mexican law enforcement officers have flown to Dublin to question Mr Carlos Salinas, Mexico's former president, about two political assassinations which took place in 1994, the final year of his government.

Mr Salinas left Mexico in March 1995, shortly after his elder brother Raúl was jailed on charges of ordering the killing of Mr José Francisco Ruiz Massieu, a leader of the ruling party who had divorced Adriana Salinas, the youngest sibling of the Salinas clan. The former president settled in Dublin after stays in Cuba, Canada and the US.

Envoys of the attorney-general questioned Mr Salinas for 12 hours on Tuesday in relation to the assassination in March 1994 of Mr Luis Donaldo Colosio, the presidential candidate chosen by Mr Salinas to succeed him. A second interrogation on the murder of Mr Ruiz Massieu was due to take place yesterday. A spokesman for the attorney-general said Mr Salinas did not face any charges in connection with either assassination.

The questioning follows a public outcry over the slow progress of the official investigations and opposition party calls for Mr Salinas to be brought back to Mexico to testify in the murder trials. *Leslie Crawford, Mexico City*

Rio child murders conviction

A court in Rio de Janeiro has convicted a state trooper for the 1993 killing of eight street children and sentenced him to 261 years in prison. Mr Nelson Oliveira dos Santos Cunha was found guilty on eight counts of murder and one of attempted murder.

The children were killed before dawn on July 23 1993. Gunmen drove up to a pavement in Candelária Square in Rio and opened fire on children sleeping under a marquee. Six died on the spot, and two were taken to the beach and executed.

Mr Cunha is the second policeman to face trial for the same slayings. Earlier this year, Mr Marcus Vinicius Emmanuel was sentenced to 309 years in prison, a sentence later reduced to 89 years at his retrial. Five other state troopers and a metal worker face charges in the case and probably will be tried separately. The trials are seen as a test of Brazil's commitment to cleaning up its human rights record.

Human rights groups say shopkeepers in high-crime districts routinely pay policemen to kill children suspected of stealing.

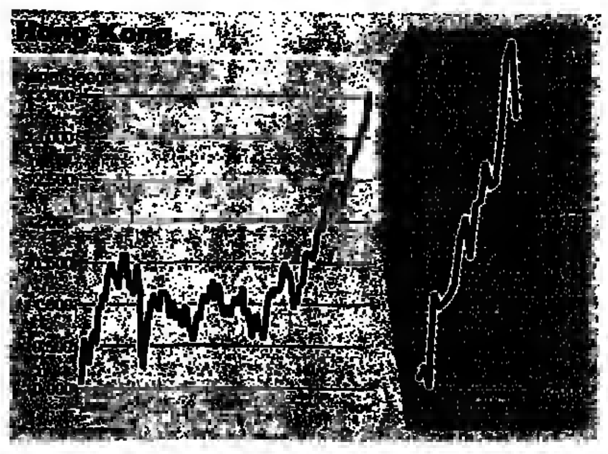
An estimated 2,000 to 3,000 children, most of them runaways, live on Rio's streets. *AP, Rio de Janeiro*

Suriname banker resigns

The man credited with setting Suriname on the road to economic recovery resigned as president of the central bank in protest against a government decision to appoint Mr Henk Goedschalk to a top bank post.

Mr Andre Telting delivered his resignation to President Jules Wijdenbosch yesterday after Mr Goedschalk was appointed to represent the new government on the bank's board of directors. Mr Goedshalk, who served as central bank president before Mr Telting, was dismissed by then-President Mr Ronald Venetiaan, who alleged that he was involved in a racketeering scheme. Mr Goedshalk was never formally charged.

"It is a matter of principle," said Mr Telting, referring to his decision to resign two years before his term expires. Mr Telting is credited with imposing much-needed economic reforms in the early 1990s, after the country rejected a series of International Monetary Fund imposed reforms as too stringent. *AP, Paramaribo*



HK probe of market surge

By Louise Lucas in Hong Kong

The Hong Kong stock exchange yesterday launched a series of inquiries with local and international brokerages after the market surged more than 200 points within moments of the opening bell ringing.

An unprecedented 23 stocks – the entire Hang Seng Index, Hong Kong's bluechip benchmark – began trading up sharply on the previous night's close, alerting the exchange's system for tracking unusual trading patterns. This in turn prompted exchange officials to call on around half a dozen brokerages to seek explanations.

Brokers not involved in the gyrations attributed it to price fixing. Mr Richard Witts, managing director of United Mok Ying Kie brokerage, said: "Yesterday did not do the exchange any good in terms of image." He claimed there was "very blatant, unnatural interference".

Volatility at the end of the month, when futures expire, is a common hallmark of Hong Kong trading, but not to the extent witnessed yesterday.

Mr Paul Phenix, executive director for compliance with the exchange, said: "If it's thought to be a manipulation, a prosecution will take place, because manipulation is an offence in Hong Kong. But we have no evidence of this, in this casa at this time."

The Hang Seng Indsx surged 213 points shortly after the trading bell went off, despite the fact it had climbed only 46 points overnight in London and there was no big news in the market place.

The flurry of buy orders pushed the index to a record 13,744.30 – one of a string of records in recent weeks – but sellers subsequently got the upper hand and the index closed 220.19 points down at 13,310.76.

"Quite obviously it's our witching hour," said Mr Witts of the penultimate trading day of the month, when brokers endeavour to fix the closing price of that month's futures contracts, which is taken as an average over the day rather than the price at the closing bell.

"The boys were just playing. It's the last day of the November futures, and they were trying to fix the opening prices. They just ramped it up there and held it for a few seconds."

But Mr Phenix stressed that the fact that everyone knew what was happening to prices highlighted the level of transparency in the Hong Kong market.

Funds have been pouring into Hong Kong during the latest leg of its rally and turnover yesterday was a robust HK$13.58bn (US$1.7bn).

Since the start of the year the Hang Seng Index has risen 32 per cent, making it one of the world's best performers this year.

See World Stock Markets: Back Page, Second Section

Taipei fears allies will follow Pretoria's lead

South Africa's decision to sever diplomatic ties with Taiwan in favour of China has given rise to fears of a domino effect among Taipei's dwindling allies in the international community.

While stressing that the move had long been expected, observers in Taipei said Pretoria's decision could precipitate a chain reaction among the 29 mostly small and less developed states that still recognise Taipei.

Share prices dipped yesterday amid uncertainties over Taiwan's growing diplomatic isolation after the snub by Pretoria, one of Taipei's most significant international allies.

"This shows communist China is intensifying its repression of us internationally," said Mr Lien Chan, Taiwan's premier. "[China's] moves to buy foreign relations will not do any good for cross-strait relations or national reunification."

Taiwan officials also warned that its substantial trade and investment ties with South Africa, as well as bilateral co-operation programmes, could be damaged.

In recent months China has increased pressure on Taiwan to abandon its aspirations for a higher profile on the international stage. Taiwan has sought to achieve this with high-profile visits by politicians.

"We welcome President Mandela's positive attitude toward a normalised relationship between South Africa and China," said Mr Cui Tiankai, Beijing's foreign ministry spokesman.

It is thought that China's assumption of sovereignty over Hong Kong on July 1 next year may have played a role in Pretoria's decision. China is unlikely to allow countries that have diplomatic relations with Taiwan to maintain consulates in the territory after the handover.

Political analysts warned that Pretoria's decision could fuel antipathy towards China among Taiwanese as the island finds itself squeezed out of the international arena and efforts to join international bodies such as the World Trade Organisation become ever tougher.

"Our relations [with South Africa] should not be sacrificed just because South Africa wants to have new relations with communist China. It's not reasonable [to do so]," said Mr John Chang, the foreign minister, as the government hastened to shore up ties with remaining allies, mainly African and Central American countries receiving aid packages from Taipei.

But experts said that Beijing was leaning heavily on the Vatican and Panama, and that smaller African states such as Swaziland and Malawi might decide to follow Pretoria's lead, given the stature of President Nelson Mandela in the region.

"In symbolic terms, it's a big deal, but in practical terms it's not a big deal," said Mr Joseph Wu, a politics expert at Chengchih University.

"South Africa was of course the largest and most visible country to recognise Taiwan. But given the fact that China has long supported Mandela, and Taiwan maintained close ties with the white apartheid government for so many years, it is quite natural that ties would be severed once the African National Congress came to power in 1994."

It is also "reasonable" to expect that economic ties between Taiwan and South Africa will deteriorate, said Mr Jaap Leroux, a spokesman at Pretoria's Taipei embassy.

Taiwan is South Africa's sixth or seventh biggest trade partner, while South Africa represents less than 1 per cent of Taiwan's foreign trade. Taiwanese investments in South Africa are roughly $1.5bn.

"The government will not continue to encourage investments in South Africa," said Mr Chiang Ping-kun, chairman of the cabinet's Council for Economic Planning and Development. "Without government encouragement, it will be hard (for private investments) to proceed there," Chiang said when asked whether a $3bn petrochemical project by Tuntex Distinct Corporation in South Africa would proceed.

In the long run, the loss in Taiwan business will be more than made up for by China. Since 1992 trade between China and South Africa has risen from $14m in 1991 to $1.32bn last year. Earlier this year, the two countries granted each other Most Favoured Nation status in recognition of the growing worth of bilateral trade.

Laura Tyson and Sophie Roell

John Chang: South African decision is 'not reasonable' AP

Manila bows to banks on reserve levels

By Edward Luce in Manila

The Philippine central bank said yesterday it would cut steep reserve requirements on Philippine banks but stopped short of tackling the politically sensitive "directed credit" restrictions on domestic lending.

The move comes after strenuous lobbying from the recently liberalised Philippine banking sector. It reduces from 15 per cent to 13 per cent the minimum reserve that banks must deposit with the central bank from January next year.

Mr Gabriel Singson, chairman of the central bank, said that the reduction had been made possible by the drop in inflation, which has fallen from 11.8 per cent to 4.6 per cent in the past six months.

The reserve requirement, which locks banks' capital into low-interest bearing accounts, would be reduced to under 10 per cent when economic conditions permitted, he said.

A spokesman for local banks, which were jolted by the arrival of 10 of the world's largest banks last year, said the move still left the Philippine minimum reserve level higher than rates seen elsewhere in the region.

Indonesia and Thailand – with 5 per cent and 7 per cent respectively – had fewer constraints on the allocation of capital, while Japan's, at 1.3 per cent minimum reserve level, was among ths lowest in the world.

But leading bankers said the main reason for the high domestic cost of borrowing was government "directed credit" regulations.

Under the rules, banks must lend 40 per cent of their total portfolio to agricultural enterprises and small businesses.

Bankers say this pushes up the cost of borrowing by up to two percentage points for mainstream creditors.

"We would like to see the restrictions on lending relaxed quite quickly," said Mr Rafael Buenaventura, chairman of the local bankers' association. "It pushes up the cost of banking fairly substantially for everyone else."

In an attempt to help consolidate the local banking sector – considered overcrowded with 53 licensed commercial banks and more than 800 rural credit institutions – the central bank yesterday raised minimum capital requirements on banks by more than 30 per cent to 2bn pesos ($76m).

The central bank is also expected to approve a second wave of foreign banking licences within the next 18 months.

'Best practice' call to Indian groups

By Lisa Vaughan in New Delhi

State-owned financial groups represented on the boards of Indian companies must take the lead in demanding best practice from their managements, Mr Montek Singh Ahluwalia, India's finance secretary, told a seminar on corporate governance in New Delhi yesterday.

As India moves towards international standards of corporate governance, "financial institutions [which] represent large bodies of shareholders should push for best management practices," he said.

His comments come after various scandals highlighting the quality of corporate governance at board level, especially by financial institutions.

Earlier this month, six officials of the tobacco conglomerate ITC, the Indian affiliate of BAT, the tobacco group, were arrested over alleged foreign exchange violations involving sums totalling $100m. If proven, it would be the biggest breach of foreign exchange rules in Indian corporate history.

In the ITC case, financial institutions comprising more than a third of the company's board were said to have failed to respond to concerns about alleged financial irregularities, and supported Mr K.L. Chugh, the former chairman, one of those arrested.

"If financial institutions represent large bodies of shareholders, their role should be to push for best management practices," Mr Ahluwalia declared. "It's not a situation where as long as there is not bad management they can be passive."

In India, government-run financial institutions such as the mutual fund UTI are important players on the stock market.

Mr Ahluwalia was part of the finance team headed by Mr Manmohan Singh, finance minister until the Congress government's defeat in the May elections, who was widely credited as the architect of economic liberalisation, started five years ago.

The opening of domestic markets has exposed many Indian corporations to intense competition and forced them to overhaul management and governance.

"We are going through a change from family management of companies to public management, which will push institutions to be more responsive," Mr Ahluwalia added.

He insisted the government's interest in corporate governance was not merely a reaction to recent events such as the ITC case. "Corporate governance is a problem even if everyone is obeying the law."

Sir Adrian Cadbury, chairman of a group which produced benchmark rules on corporate governance in the UK, and another speaker at the seminar, said countries should adapt standards to reflect local social and economic practices.

"But the internationalisation of markets is bringing about a degree of convergence of procedures and that's why we should take note of what is happening around the world," he said.

Thailand exports decline by 9.3%

By Ted Bardacke in Bangkok

Thailand's exports in September declined 9.3 per cent compared with the same period a year ago, the country's central bank said yesterday. It ruled out any export growth in the rest of this year.

Exports grew at just 0.9 per cent in the first nine months of the year. Earlier this year the central bank said it expected annual export growth of 10.2 per cent.

Investors took the news badly, sending ths stock exchange index down 2.2 per cent to 938.42 points.

Thailand's current account deficit also grew slightly to Bt30.5bn ($1.2bn) in September, up from Bt29.3bn in August.

But the underlying trade deficit shrank to Bt25bn in September, down significantly from Bt36.8bn in August. Both the trade and current account deficits are off their monthly highs this year of Bt49.6bn and Bt51.1bn respectively.

Despite the slow export growth, the central bank said it expected annual economic growth to be 6-7 per cent and the current account deficit to be exactly the same as last year – 8.1 per cent of GDP.

Foreign reserves are high at $39.9bn while commercial credit growth continued to fall, standing at 15 per cent year-on-year in October compared with 16.1 per cent year-on-year in September. Manufacturing activity and private investment also grew for the third consecutive month.

The disappointing figures came as General Chavalit Yongchaiyudh, Thailand's prime minister-designate, yesterday said he and his five coalition partners had completed the line-up of the new cabinet following his New Aspiration party's narrow election win nearly two weeks ago. Mr Chavalit, a former army chief, is to take the defence portfolio. He and his cabinet are to be sworn in by King Bhumibol Adulyadej on Sunday.

ASIA-PACIFIC NEWS DIGEST

South Korean growth slows

South Korea has registered its slowest quarterly growth for three years, with gross domestic product rising by 6.4 per cent in July-September compared with the same period a year earlier. The slowdown reflected export growth of 8.3 per cent and sluggish private sector consumption, up 6 per cent, while inventories for key products, including cars, semiconductors and steel, increased. The third-quarter GDP growth was the lowest since the second quarter of 1993 at 4.9 per cent. GDP growth for the first nine months of 1996 stood at 7 per cent. If GDP growth in the fourth quarter remains at 6.4 per cent, growth for the full year will amount to 6.8 per cent.

John Burton, Seoul

Weak rise in Japanese output

Further evidence that Japanese monetary policy is likely to remain loose for the foreseeable future emerged yesterday in the form of weak industrial production data for October. Industrial output last month rose 3.5 per cent from September, according to preliminary figures from the Ministry of International Trade and Industry, well below Miti's earlier forecast of a 4 per cent rise.

It predicted output would fall 1.7 per cent in November and 0.2 per cent in December. Deliveries rose 3.3 per cent in October, up from 1.8 per cent the month before, bnt inventories of unsold goods and materials rose 0.6 per cent last month, partly reversing September's 1 per cent dip.

William Dawkins, Tokyo

Australia warned on banking

The wide-ranging Wallis inquiry into Australia's financial system has found that in "important areas" the country is behind the market performance of soms other nations, and stressed that its "key goal" is to identify means by which efficiency can be increased.

The inquiry's interim report, released yesterday, gave no indications of what recommendations it might make on whether mergers between the largest banking and insurance groups should be permitted. But it noted that most financial institutions had urged abolition of the current restrictive policy. This bars mergers between the four biggest banks and the two largest insurance groups.

By contrast, submissions from the Reserve Bank and Treasury pointed out that one reason for the current policy was to avoid creating an institution "too big to fail". The bank had noted that if the country moved from having four big banks to two, "it would give Australia the most concentrated banking industry in the industrialised world".

Nikki Tait, Sydney

Tung says law to be reviewed

Mr Tung Chee-hwa, candidate to be chief executive and rated by a poll as the best man to deal with China after Britain leaves Hong Kong in July next year, said a proposed subversion law would be reviewed by the post-colonial government. "The Basic Law (Hong Kong's post-handover constitution) clearly states that it is up to the future government to draw up its own law on these matters," he told about 100 members of the 400-strong Selection Committee that will choose Hong Kong's future leader.

The China-controlled Selection Committee is in the middle of a three-day vetting of Mr Tung and two rivals to succeed Governor Chris Patten. The winner will be announced on December 11. On Tuesday, the Hong Kong government began the process of bringing in a law on subversion, defining concepts of treason, sedition, subversion and secession in a bid to head off jailings of dissidents after the handover.

Reuter, Hong Kong

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 28.11.96: Pool purchase price £/MWh	Final Prices for Trading on 01.11.96: Pool purchase price £/MWh	Pool selling price £/MWh
0030	11.70	11.68	11.68
0100	17.53	13.13	14.73
0130	17.53	13.13	14.73
0200	17.53	11.68	11.68
0230	17.53	11.66	11.66
0300	17.53	11.66	11.66
0330	17.53	11.66	11.66
0400	17.53	11.62	11.62
0430	11.68	11.66	11.66
0500	11.68	11.62	11.62
0530	11.75	11.64	11.64
0600	11.75	11.66	11.66
0630	13.68	11.69	11.66
0700	16.81	13.01	14.80
0730	16.81	17.13	18.73
0800	17.08	17.35	18.95
0830	18.20	17.31	18.91
0900	29.40	21.78	23.38
0930	29.48	22.69	24.29
1000	31.04	30.18	31.79
1030	31.03	30.18	31.79
1100	18.36	18.86	20.46
1130	18.38	18.86	20.46
1200	29.45	18.86	20.46
1230	29.43	30.17	31.77
1300	18.22	30.17	31.77
1330	17.05	17.35	18.95
1400	17.03	17.68	18.95
1430	17.04	17.35	18.95
1500	17.03	17.35	18.95
1530	17.20	12.00	12.00
1600	51.16	11.84	11.84
1630	77.73	19.70	21.48
1700	188.08	30.75	35.17
1730	200.84	48.47	53.88
1800	176.58	48.97	54.08
1830	101.09	38.33	41.52
1900	55.56	23.65	26.35
1930	32.11	21.18	22.32
2000	24.73	19.66	21.26
2030	24.07	19.32	20.92
2100	16.94	18.87	20.47
2130	16.84	17.31	18.91
2200	16.84	17.13	18.73
2230	16.84	12.12	13.72
2300	11.77	12.00	13.60
2330	11.75	12.00	13.60
2400	11.74	11.68	13.28

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. [illegible]

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Gulf pact paves way for defence deals

By Bernard Gray, Defence Correspondent

Mr Michael Portillo, the UK defence secretary, yesterday signed a long-awaited mutual defence agreement with the United Arab Emirates, clearing the way for possible defence export deals with the Gulf state.

Big British arms makers such as British Aerospace, GEC and Vosper Thornycroft have been trying to strike deals with the small but wealthy state which occupies a strategic position at the southern end of the Gulf. However, the UAE has made it clear that agreements would only be struck with countries which agreed to come to its aid if it were attacked.

"The signing of this accord is e significant event in our defence relationship with the UAE," said Mr Portillo.

The agreement is the second British arms breakthrough with a Gulf state in as many weeks. On November 17 the UK signed a £500m arms sale to Qatar.

The UAE lies on the opposite side of the Straits of Hormuz from Iran, and tension has flared periodically between the two countries over disputed islands in this choke point at the mouth of the Gulf. The UAE is very concerned about the threat from its more fundamentalist northern neighbour. The US and France signed defence deals with the UAE several years ago, and have subsequently won significant arms exports. In 1993 Giat of France won an order worth $3.6bn to supply 436 Leclerc tanks; now the two countries are likely to split an $8bn order for combat aircraft, with Dassault of France supplying Mirage 2000 bombers and Lockheed Martin of the US F-16 fighters.

The UK was slower to sign a deal because of concerns about binding military commitments and because of a dispute over whether British troops stationed in the UAE would be bound by Islamic law. Now these obstacles have been overcome, UK arms companies are hoping for a share of the UAE's business.

But any early deals are likely to be modest by the standards of the French and American orders. BAe, which won a contract to supply the UAE with a squadron of 12 Hawk advanced trainers in the 1980s, could win an order for a further half dozen Hawks, worth around £100m, but its Tornado bomber has been ruled out of the big aircraft competition.

Vosper Thornycroft is competing for an order for six attack craft and six offshore patrol vessels. But it is in competition with shipmakers including DCN of France and Newport News of the US.

GEC is hopeful that its Centaur cruise missile, a version of the Pegasus weapon offered in the UK cruise missile competition this year, could be selected by the Gulf state to arm the Emirates' new aircraft. The UAE wants long range missiles to be able to strike deep inside Iran in any conflict. However, Centaur is up against the Matra-BAe Dynamics Apache, which won the cruise missile order in the UK.

GKN, which makes armoured fighting vehicles, and Shorts of Belfast, which makes air defence missiles, are also likely to pitchfor UAE business.

Ostrich swaps give investors final chance

By Clay Harris in Amougies, Belgium

The world's first ostrich-for-equity swap will shortly be launched to allow the 2,700 victims of an ill-fated investment scheme a chance to salvage some of their money. They were persuaded by "guaranteed" annual returns exceeding 50 per cent to pay up to £17,000 ($28,400) a bird, a total of £22m.

Investors who bought birds from Ostrich Farming Corporation, which was closed by the UK government's trade department on public interest grounds in April, will be offered shares in a new company in return for their ostriches.

OFC was the biggest of several ostrich schemes shut by the department. It is being investigated by the UK Serious Fraud Office, and its liquidators are trying to trace at least £3.75m in assets, much of which went to Cayman Islands accounts.

The new company, Belantruche, is the first concrete indication that OFC customers may be able to preserve some value in their investment. It also represents an effort to put ostrich farming on a more conventional commercial footing.

Investors would get a stake in Europe's biggest ostrich farming operation, run by Mr Eddy Nachtergaele in southern Belgium. They would also help to fund construction of an abattoir as well as the marketing of meat and leather under the Belantruche brand, a name meant to evoke "beautiful ostrich" and "Belgian ostrich".

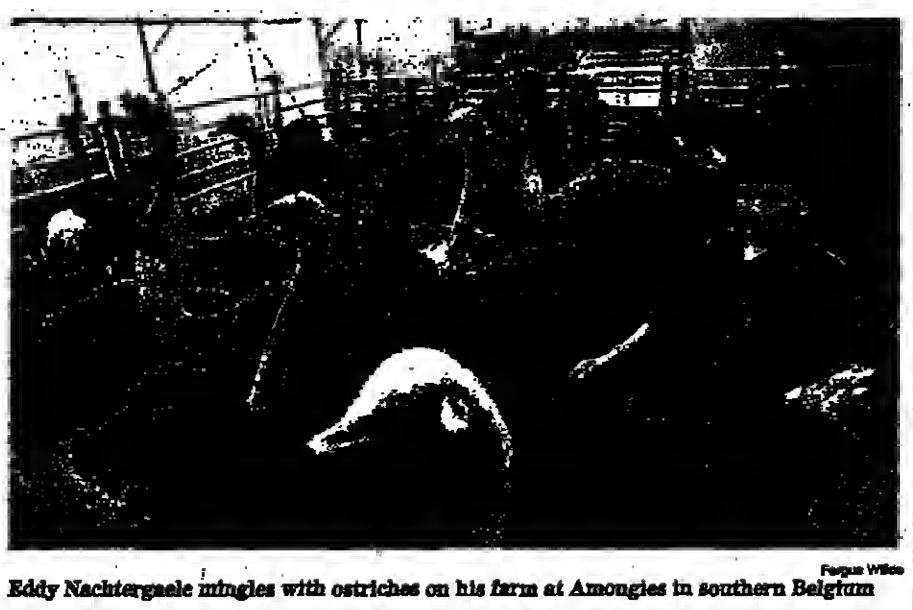
Like the flightless bird, however, the Belantruche plan has a strong kick. Investors who have already paid a total of £22m for ostriches now worth a fraction of that figure will have to put up not only their bird but also new cash – 13 per cent of their original investment – to take part.

If the maximum of £2.8m is raised, Belantruche will gain a 50 per cent stake in a Belgian company which owns Mr Nachtergaele's farm at Beaumont and will take a long-term lease on his breeding centre and farm at Amougies. He provided all ostriches sold by OFC and has kept them at his farms, where they live free range for most of the year.

Directors of Belantruche will include General Sir Robert Pascoe, a leading member of the Ostrich Owners Protection Group, and Mr Paul Horsman, a Dutchman who will represent investors from outside the UK.

Nigel Church, representing Adas, the UK government's farming research and consultancy agency, which is providing technical advice to the company.

Because Belantruche is making a closed offer, its advisers believe it will not contravene the UK Financial Services Act.



Eddy Nachtergaele mingles with ostriches on his farm at Amougies in southern Belgium

Officials 'linked aid to arms prospects'

By Peter Montagnon in London

UK government officials were clearly motivated by the prospect of defence equipment sales when allocating development aid to police training in Indonesia in the 1980s, the National Audit Office, the government spending watchdog, said yesterday.

Though the amount of aid money was small at £2m ($3.3m), the disclosure prompted fresh protests over aid policy. The office's report comes only a week after the government authorised further sales of Hawk fighter aircraft to Indonesia.

The opposition Labour party said the government was facing another Pergau scandal.

That was a reference to the legal battle over a hydro-electric project in Malaysia two years ago, which ended with a court decision in London that the government aid was unlawful in that case.

Ms Clare Short, Labour spokesman on development, called for a full inquiry. Mr Barry Coates – director of the World Development Movement, which brought the Pergau case – said he did not rule out taking the UK government to court again, but much depended on its response in coming weeks. "We are calling on them to pay the money back to the aid programme and for a [House of Commons] Public Accounts Committee inquiry," he said.

But Baroness Lynda Chalker, UK aid minister, said the government was vindicated by the report, which examined seven projects and found them to be within the terms of the 1980 Overseas Development Act.

"The report clearly states that none of the contracts supported by development funds was conditional on the Indonesian purchase of British goods or services, other than those necessary for implementation of the projects themselves," she said.

The report said the projects under review pre-dated guidance requiring "good government assessments" for aid projects.

But it also quotes government correspondence, dating from 1985, which shows officials linked the aid to defence sales, even if it was not used as a bargaining counter.

Ministers poised for cattle cull U-turn

By George Parker and Maggie Urry

The UK government is poised for another U-turn in its handling of the BSE crisis, by finally agreeing to carry out the selective cull of up to 127,000 cattle thought most at risk of contracting BSE, or "mad cow disease".

Mr Douglas Hogg, the agriculture minister, will urge the cabinet within the next two weeks to approve the additional slaughter scheme. The move will delight farmers.

Mr John Major, the UK prime minister, agreed at the European Union summit in Florence in July that the UK would carry out the cull as a pre-condition for any lifting of the worldwide ban on British beef exports.

But in September ministers reneged on the agreement, arguing there was no scientific basis for the measures and fearing it would not anyway lead to an easing of the export ban.

Now the government has had another change of mind and feels the cull must go ahead if there is to be any chance of the EU agreeing to end any part of its ban on British beef exports.

"Clearly our refusal to carry out the cull in full is causing bad odour in Europe," said a senior government official. "Things have clearly changed since September, because the selective cull is now very popular in parliament and with farmers."

Over the past three months farmers have come to accept that there is no prospect of the EU easing the beef export ban unless the Florence agreement is honoured.

The selective cull is designed to remove the cattle most at risk of contracting BSE, and so speed the elimination of the disease.

● The opposition Labour party yesterday called for a phasing out of all price support for European Union farmers as part of an effort to cut the cost of the Common Agricultural Policy. Mr Gavin Strang, the party's agriculture spokesman, said the CAP needed fundamental reform, with a transfer of resources from farm price support to job creation in rural areas and schemes to enhance the environment.

Labour's new policy paper reveals much common ground with the ruling Conservatives on the best way to reform EU farm policies. Both parties agree the current CAP price support regime is unaffordable if the EU is to be expanded to take in eastern European states and that it destabilises world trade.

A scientists' report sponsored by Unilever, the Anglo-Dutch consumer products group, called yesterday for new measures to protect dwindling fish stocks in the North Sea, George Parker and Maggie Urry write. Unilever this year announced a plan to phase out during 1996 the use of fish oil derived from non-sustainable fishing in European waters. The industrial fishing fleet – much of which is Danish – uses fine-meshed nets to catch species such as sand eels, sprats and herrings. The fish are pressed to extract meat and oil, which are used in animal food; some oil is added to human foods such as biscuits and margarine.

The Unilever-sponsored report, written by scientists at Robert Gordon University in Scotland and Warwick University in England, concluded that industrial fishing removed a vital food for species used for human consumption – such as haddock, cod and whiting.

Asian airlines warn on noise dilemma

By Michael Skapinker in Hope Island, Queensland

Asian airlines could be forced to break new noise limits at London's airports and pay fines rather than comply with them, leaders of the Orient Airlines Association said yesterday.

Mr James Strong, the chief executive of Australia's Qantas and the association's chairman, said Asian airlines would be "pinned to the wall" by the new regulations for aircraft departing from Heathrow, Gatwick and Stansted airports.

Speaking at a press conference at the beginning of the annual gathering, he said the new UK noise limits, which come into effect on January 1, would particularly hit fully-loaded Boeing 747s, used by many Asian airlines flying from London.

The International Air Transport Association, which represents airlines worldwide, has already said it will challenge the new limits in an English court. The government has said the limits were less stringent than those demanded by people living near the three airports.

Mr Strong said Asian airlines would be faced with the choice of taking off from London with fewer passengers and less freight in order to meet the limits, or contravening them and paying fines.

As reducing aircraft loads would be difficult for commercial reasons, airlines were likely to have to break the limits and add the fines to their operating costs.

He said that to reduce loads would "destroy the economics of long-haul flying".

The association said airlines would be fined £1,000 ($1,670) for each infraction.

Mr Strong said it was unfair that airlines which had invested in the latest aircraft should still find themselves falling foul of noise limits.

"It seems such an illogical move to come out with a set of criteria which defy known operating conditions," he said. "Everybody has made an enormous investment in new technology that we understood met the rules," he added.

UK NEWS DIGEST

Ferry merger plans frozen

Preparations for a merger between the two biggest ferry operators on the English Channel, P&O and Stena Line, were frozen yesterday after the UK government referred the proposal to the Monopolies and Mergers Commission, the competition euthority. P&O and Stena reacted with dismay to the decision by Mr Ian Lang, chief industry minister, to follow the Office of Fair Trading's advice to refer the merger. They described it as "totally unnecessary" and said it would delay the creation of a joint company for e further three months.

The decision dashes the ferry companies' hopes of putting an early end to the losses they have been suffering in intense competition for business with the Channel tunnel. It came five months after the two companies were released from undertakings they had given that they would not hold merger talks. Lord Sterling, P&O chairman, said: "In removing the undertakings ... the regulatory euthorities must clearly have contemplated the possibility of a single major ferry operator." P&O'a share price fell 11.5 pence to 584.5 pence while Stena fell SKr0.30 to SKr29. *Charles Batchelor*

■ REFERENDUM PARTY

Goldsmith to attend anti-EU rally

Sir James Goldsmith, founder of the Referendum party, will today take part in e largely anti-EU meeting in Brussels amid criticism – from senior figures in the ruling Conservative party – of his party's objectives. The billionaire member of the European Parliament is expected to join 600 critics of further European integration at the meeting. On Wednesday, Sir James announced the wording of the referendum on which his party intends to fight the UK general election expected in May. Sir James said the question would read: "Do you want the United Kingdom to be part of a federal Europe, or do you want the UK to return to an association of sovereign nations that are part of e common trading association?"

Sir James yesterday rejected suggestions thet voters choosing the second option would in effect be supporting Britain's withdrawal from the EU. He said sovereignty belonged to the people and not to parliament. "Parliament cannot hand over the sovereignty of the nation without people's approval," he said. *George Parker*

Editorial Comment, Page 13

■ LONDON SCHOOL OF ECONOMICS

Cambridge man wins top post

Professor Anthony Giddens, Cambridge University sociology professor, is to be director of the London School of Economics. His appointment ends the year-long search for a permanent successor to Dr John Ashworth, who now heads the British Library. Prof Giddens, 58, is likely to be a popular choice among the LSE's leftish dons. A fellow of King's College, Cambridge, he has written on class structure, advised the Labour party and co-founded Polity Press, the publishing house. Prof Giddens has held visiting lectureships at Harvard and Berkeley. *Simon Targett*

■ BUSINESS SCHOOL

Oxford to re-open talks with Said

Oxford University intends to re-open discussions with Mr Wafic Said over the proposed £40m business school which is intended to bear the Saudi entrepreneur's name. The move will centre on the private foundation which will oversee the construction of the building and own it.

The move follows disquiet expressed by teachers at the university over the control Mr Said would exercise over the school. Dons [professors and lecturers] voted recently against the transfer of a greenfield site, worth £2m-£4m and in the heart of the city, to the foundation. Professor David Smith, head of the department of pharmacology at Oxford and an opponent of the present scheme, believes more information about the foundation and its terms of reference should be made available. *Della Bradshaw*

■ LLOYD'S

Female lead underwriter named

Lloyd's of London is to have what it is understood to be its first female lead underwriter in its 300 year history. Mrs Mel Goddard will the lead a new non-marine syndicate. *Jim Kelly*

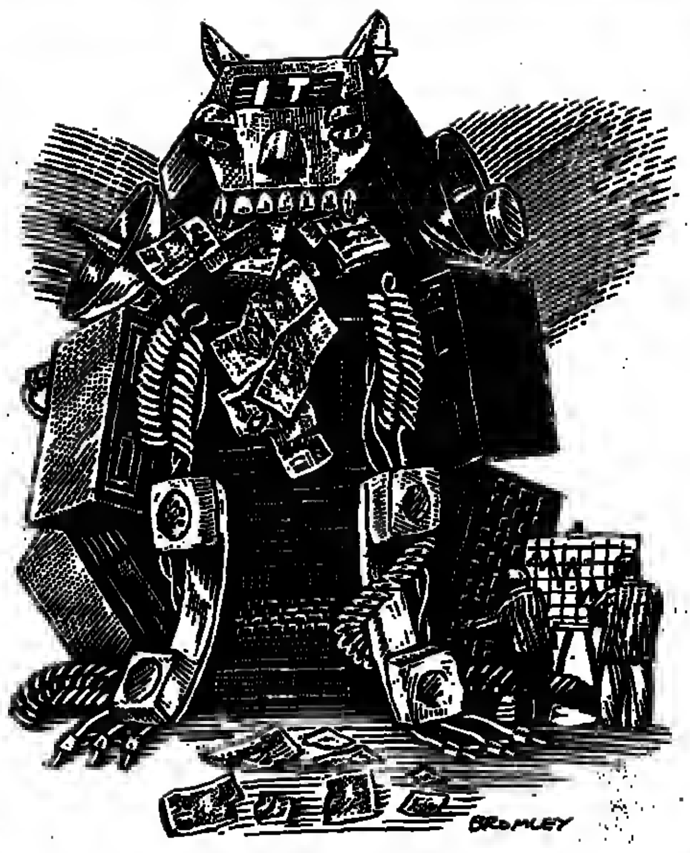
■ BUDGET

Welfare spending 'was obstacle'

An overshoot in spending by the UK government's social security department is emerging as one of the main obstacles which faced Mr Kenneth Clarke, the the chief finance minister, in his attempts to cut taxes and spending in this week's Budget. "I am sick and tired of the way DSS spending always overshoots the planned targets," he is reported to have told MPs from the ruling Conservative party at a private meeting after the Budget debate in the House of Commons. The DSS overshoot first emerged when officials produced assessments showing that elderly people in residential care were living longer and taking up statutory rights to benefits for a greater time than had been anticipated. *James Blitz*

Philip Stephens, Page 12

MANAGEMENT



Bugged by failures

Vanessa Houlder looks at the difficulties of managing new computer systems

The hazards of introducing new computer systems have been vividly illustrated by the financial services industry this month. Fidelity Brokerage Services was forced to close to new business as a result of administrative errors partly caused by software glitches. Crest, the UK's new electronic share settlement system, also hit the headlines as it struggled to keep to its timetable in the face of software problems and users' unfamiliarity with the system.

The financial services industry is not alone. No industry is immune from problems with information technology projects.

In theory, IT helps improve productivity, responsiveness and communication. In practice, IT projects are often dogged by management problems that result in delays, cost overruns and failure to meet the original objectives.

IT investments have a long history of promising more than they deliver. Research in the late 1980s by Paul Strassmann, a US consultant, concluded that there was no direct correlation between spending on IT and profitability. An even starker conclusion was reached by Morgan Stanley, the merchant bank, which suggests that the introduction of computers lowered productivity in several large industries.

Some companies have improved productivity by "re-engineering" their business processes at the same time as introducing new technology. But IT projects continue to have an extremely high failure rate, according to Oasig, a group supported by the Economic and Social Research Council and the Department of Trade and Industry. Its study found that between 80 per cent and 90 per cent of IT investments do not meet their performance goals, 80 per cent of systems are late and over budget and about 40 per cent of developments fail or are abandoned.

The increasing sophistication of the technology can highlight the problems. Brinley Platts, a manager of Impact, a KPMG-sponsored club for companies wanting to share their experiences, says his impression is that technical problems are becoming more of an issue.

He says the shift from mainframe computers to "client/server" networks has produced more scope for things to go wrong. An added complication is that projects tend to use a larger number of different suppliers than previously. They also attempt more ambitious configurations. "Unwittingly, people are doing things that have never been done before," he says.

The recognition of these types of problems is focusing attention on how companies should plan and implement an IT project. Few companies take these issues seriously. "It is rare to find an organisation which takes a careful and systematic approach to evaluating the performance and impact of IT developments," says the Oasig study.

These are not easy tasks, partly because it is not always clear what criteria should be used to judge the value of IT investments. For example, introducing electronic mail in an organisation may transform its internal communications, but it may be hard to justify in terms of specific financial benefits.

Glaxo Wellcome, the pharmaceuticals group, believes it has successfully tackled this problem. It is installing a new management information system to measure business processes and performance. Before the system is extended to another part of the group, the business unit managers and City Systems (UK), which is installing the project, is trying to thrash out what measurable benefits it will achieve.

The advantages of this approach have been immediate, according to Steve Pearson, the project manager. "Whereas most IT projects of this size would take three years or more to see any results, we have gained business benefits from the start," he says.

ICI is also convinced of the importance of emphasising business objectives in IT projects. Richard Sykes, ICI's group information systems manager, warns against embracing technology for technology's sake. "You shouldn't be asking 'should we be on a high-speed network?'," he says. "The questions should be 'what business performance are we seeking?'"

Sykes is convinced that IT projects should not be run by IT people. "The fundamental problem is that there is a supply industry that is very technology driven, which forms alliances with IT people in the business. It is driven by enthusiasm for new products."

Sykes is on the board of the IT Skills Forum, an industry-funded body that aims to spread ideas on good practice among its members. He thinks that benchmarking – where a company's performance in a particular aspect of its business is compared with other companies – is valuable for finding out whether it is doing the right things and whether it is doing them well.

At its simplest, benchmarking can help a company beat down the costs of new equipment. It can also point to areas where there is scope for cost-cutting and improved efficiencies.

Benchmarking studies can be a revelation. Compass, an international consultancy, says that the variation in IT costs and performance between companies with similar operations can vary by as much as 300 per cent.

Benchmarking can be a valuable tool for improving efficiency but it tends to focus on aspects of the business that are easy to measure. As a result, it may underplay less quantifiable factors which – to the view of some consultants – are largely responsible for the failure of IT projects.

The Oasig study says that the main problems with IT projects stem from managers' narrow focus on technological capabilities and efficiency goals.

It says that companies often fail to consider how work should be organised and jobs designed, following the introduction of new systems. Users rarely have enough influence on systems development. Moreover, they are frequently antagonised by the emphasis on job cuts that often accompanies IT developments.

Technology issues alone are not responsible for the poor performance of IT developments, it says. "The heart of the problem is the lack of attention given to the crucial role played by human and organisational factors."

TECHNOLOGY

Viewpoint · Henry I. Miller

Japan ties down its gene-splicers

As the commercialisation of the new biotechnology – "gene-splicing" – approaches its 15th anniversary, the success and penetration of the technology into Japan have been mixed. Development of biopharmaceuticals has been robust, but regulatory disincentives have debilitated other biotechnology sectors. Japan is in dire need of radical and immediate regulatory reform.

A worldwide scientific consensus holds that the techniques of the new biotechnology are extensions or refinements of earlier methods of genetic manipulation and that, therefore, regulation should focus on product characteristics that may be related to risk, rather than on the use of certain techniques.

Defying this consensus, however, Japan's regulatory approach has been unscientific and technique-based, seemingly based on government officials' flawed perceptions of public attitudes to biotechnology. A recent survey by researchers at the University of North Carolina showed that Japanese consumers are at least as receptive to biotechnology products as any other population measured.

Five Japanese ministries and agencies have produced eight regulations specific to products made with gene-splicing techniques. The additional restrictions on biopharmaceutical products – already subject to extensive, expensive oversight – have been distracting rather than debilitating to industry, and this sector has made significant commercial progress.

More than a dozen products have been approved, with sales of more than $4bn. Still more products are in the pipeline. In financial year 1993, the last year for which accurate figures are available, the 14 top Japanese pharmaceutical, chemical and food companies invested Y600bn.

But some sectors have been severely obstructed by the government's conviction that the use of gene-splicing techniques raises new safety issues.

In spite of the growing realisation in other countries that sophisticated government agencies which regulate all manner of complex and cutting-edge medical technologies can also oversee human gene therapy in essentially the same way, Japan has been crafting new regulatory structures.

The Ministry of Health and Welfare (Koseisho) and Ministry of Education, Sport, Science and Culture (Monbusho) have been falling over one another in their attempts to create new and dubious guidelines, regulations and regulatory bodies.

It is ominous that virtually none of this research is being performed by academics

The result is that, in spite of a medical and scientific infrastructure that could support substantial clinical trials of human gene therapy, only one patient has been treated in Japan's sole gene therapy trial, and not a single company has been created with gene therapy as its goal.

By contrast, gene therapy trials are already well under way in the US, Italy, France, the Netherlands, the UK, Germany, Poland and China. More than 600 patients have been treated and the numbers are rising rapidly.

The Japanese government's stigmatisation of the new biotechnology is similarly reflected in the dearth of activity in agricultural biotechnology.

Fewer than two dozen Japanese field trials of recombinant DNA-manipulated plants – and none of micro-organisms – have been carried out, compared with about 6,000 worldwide.

Japanese research and development in this area is far behind what one would expect.

It is particularly ominous that virtually none of this minimal research activity is being performed by academics. In the US university researchers have performed field trials with a far greater variety of plants than industrial researchers.

The Japanese government has provided little encouragement in the form of clear, predictable, risk-based regulations to those contemplating field trials.

In addition, the Ministry of Health and Welfare has imposed extra burdens on downstream development, in the form, of a strict regulatory regime specific to foods and food additives manufactured with gene-splicing techniques. Because food product profit margins are low, discriminatory and unnecessary regulation is a potent disincentive to using a new technology for their manufacture.

With the exception of biotechnology applied to the development of pharmaceuticals – and gene therapy an exception to the exception – Japan is regulating itself out of its rightful share of the biotechnology revolution.

If Japanese researchers and companies are to realise their potential and Japan is to be more than what one analyst called an "attentive spectator", regulators must rationalise their approaches.

Regulatory reform would bring less direct government spending on unnecessary review and paperwork and reduced regulatory disincentives. It would also signal to the public that in safety terms conventional and new biotechnology are essentially equivalent.

The author is a senior research fellow at the Hoover Institution, a consulting professor at Stanford University's Institute for International Studies, and the author of the forthcoming book, Policy Controversy in Biotechnology: An Insider's View *(R.G. Landes, 1997).*

WORLD AIDS DAY
1 DECEMBER

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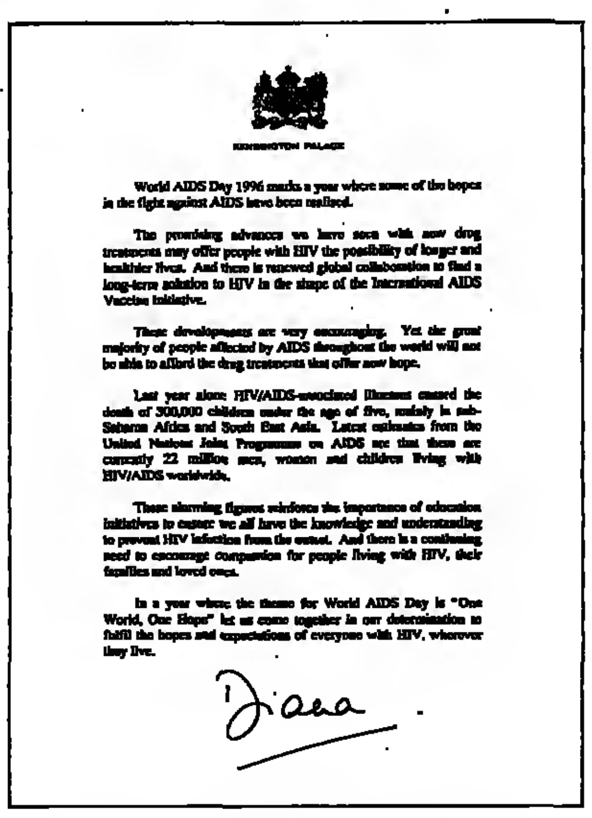
KENSINGTON PALACE

World AIDS Day 1996 marks a year where some of the hopes in the fight against AIDS have been realised.

The promising advances we have seen with new drug treatments may offer people with HIV the possibility of longer and healthier lives. And there is renewed global collaboration to find a long-term solution to HIV in the shape of the International AIDS Vaccine Initiative.

These developments are very encouraging. Yet the great majority of people affected by AIDS throughout the world will not be able to afford the drug treatments that offer new hope.

Last year alone HIV/AIDS-associated illnesses caused the death of 300,000 children under the age of five, mainly in sub-Saharan Africa and South East Asia. Latest estimates from the United Nations Joint Programme on AIDS are that there are currently 22 million men, women and children living with HIV/AIDS worldwide.

These alarming figures reinforce the importance of education initiatives to ensure we all have the knowledge and understanding to prevent HIV infection from the outset. And there is a continuing need to encourage compassion for people living with HIV, their families and loved ones.

In a year where the theme for World AIDS Day is "One World, One Hope" let us come together in our determination to fulfil the hopes and expectations of everyone with HIV, wherever they live.

Diana

DIANA, PRINCESS OF WALES IS PATRON OF THE NATIONAL AIDS TRUST, THE UK'S VOICE FOR HIV/AIDS.

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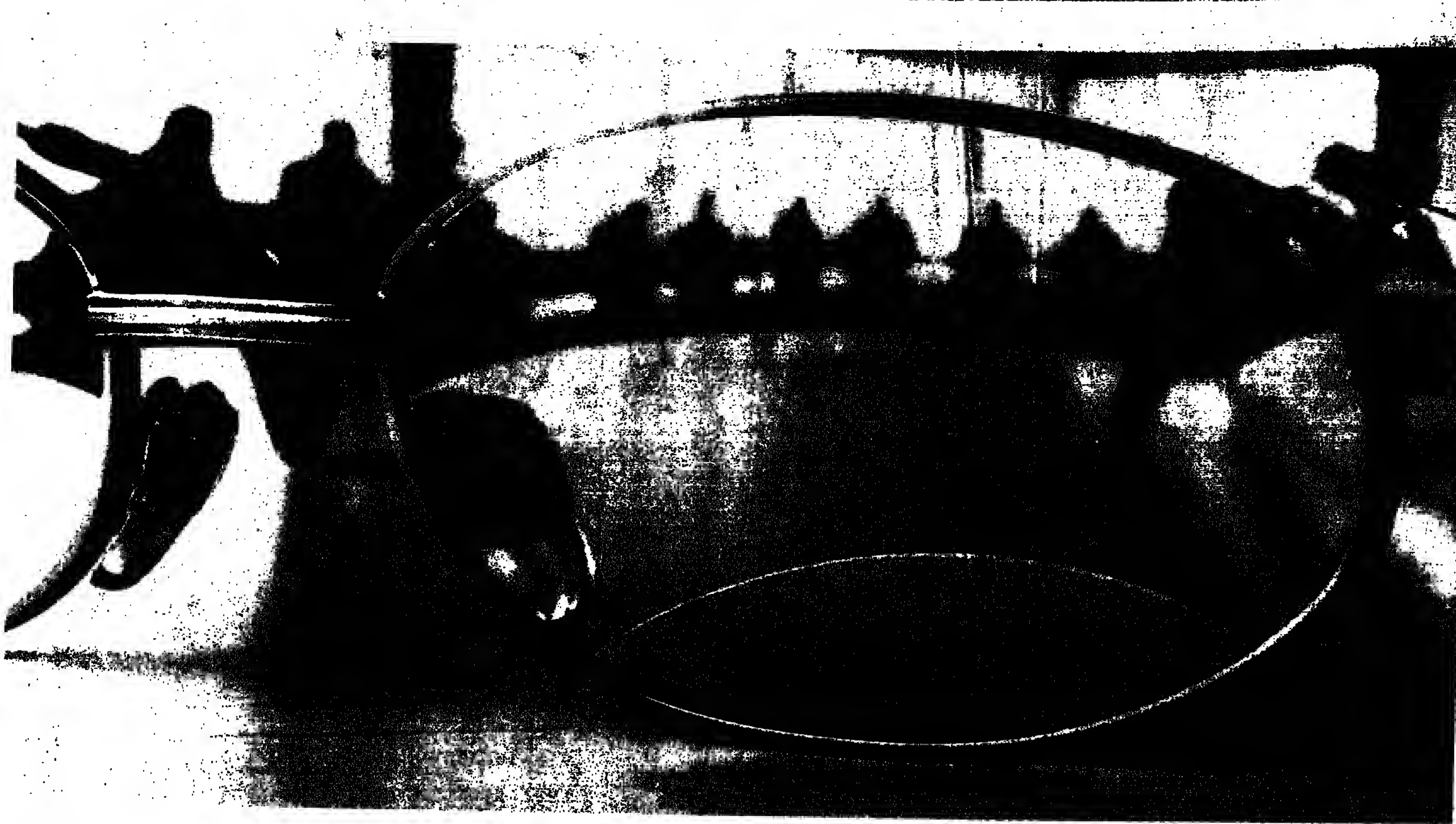
national aids trust



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Victory in the great budget battle

Antony Thorncroft talks to heritage secretary Virginia Bottomley

It might not be the £3m increase she claimed, but it exceeded the Arts Council's wildest dreams and heritage secretary Virginia Bottomley can justifiably feel miffed at the grudging reaction of the arts world to her success in preventing the Treasury from savaging her department's grant.

Everyone in the arts, in heritage, in the museums, was expecting the worst from the Budget. They had been told a year ago to plan for substantial reductions in subsidy. The Arts Council spent all summer working out with the Regional Arts Boards, and its major clients, crisis management, what to do if the council's grant was cut by £10m, or even more, instead of the £3m earmarked. In the event Bottomley managed to rescind the planned reduction and give the Arts Council of England a standstill grant, £186.1m, for the fifth successive year.

On Tuesday night Lord Gowrie, the council's chairman, still talked of major clients – theatre and opera companies, orchestras – who might shortly go out of business because, in real terms, the 1997-98 grant represented a £20m fall in subsidy over the past four years. By Wednesday secretary general Mary Allen realised that the gloom had been over-done. "It was very much better than we expected", she cooed.

Indeed the council was so surprised at the grant that it had not worked out how to handle its relative good fortune. It will be mid-January before the council tells its 400-odd clients how much money they will receive next year. It will not be equal belt tightening: because of the current conflicting fortunes of companies there could well be winners and losers.

"I battled to do the arts justice" says Bottomley. "If they keep on repeating the old record 'we need more' they will be discredited". She well knows that not only the Treasury, but much of the media, and the public at large, have little sympathy with arts' whinging while the lottery money pours in. "Theatres are supposed to be under great pressure but there have been 255 awards to theatres under the lottery totalling over £200m."

Lord Gowrie has pointed out that there is the problem of getting from "here" to "there". Undoubtedly, in time, the capital improvements to theatres, to concert halls, and to art galleries financed by the lottery will improve the revenue-making abilities of arts companies. But this could take years. Bottomley kindly directs the Arts Council on how to square the circle.

"The council should be more strategic. It cannot direct but it can point. Bowls clubs and scouts groups have done well out of the lottery because the people who run them appreciate the possibilities. The Arts Council can do the same."

There are two obvious sources of extra revenue for ailing arts companies, two areas where lottery money somehow stops being for capital use only and becomes revenue – the stabilisation fund to be launched in January, which wipes out deficits, and "Arts for Everyone", which encourages new audiences through ticket discounting schemes. Bottomley suggests that the Arts Council takes its most hard hit clients to one side and works out how they can take advantage of these possible honey pots.

Bottomley also likes to downplay the role of the Arts Council in funding the arts. Local authorities contribute more; there are arts sponsors; there is the Foundation for Sport and the Arts; and European development funds and the Single Regeneration Budget. The unmistakable message coming across this week is that she battled hard and did her bit. Now it is up to the arts to prove that they are worth helping by showing some grit and imagination. At times Bottomley can sound awfully like Lady Thatcher.

In contrast to the Arts Council, English Heritage was humbly thankful for getting almost £2m more than it expected, even if its £104.8m grant is still £100,000 less than the current year's. Its chairman, Sir Jocelyn Stevens, promptly announced that he would, after all, be staying on for another three years.

In contrast the National Heritage Memorial Fund looks like being a sacrificial victim of the lottery. It is the little sister of the Heritage Lottery Fund and its budget is being remorselessly whittled away, from a tiny £8m this year to £5m next. Here the Treasury has won a specious argument. With the Heritage Fund spending over £250m a year safeguarding the heritage why bother with this minnow? It is a sad development. The NHMF can move quickly to solve heritage crises; it does not need partnership funding; and it has a distinctive and historic role in keeping in the UK objects of real national interest that might be lost abroad. It saved the Beckett casket this summer. If it completely disappeared, it would be missed.

For the museums generally, and the British Museum in particular, the Budget brought mixed news. Once again their worst fears were not realised, and the BM was promised an extra £5.2m over two years from 1998 to make good the loss of its rent from the British Library, which starts to move its books into its St Pancras monolith next week. But the BM also suffered the insult of a £200,000 cut below expectation in its 1997-98 grant, which is now £31.36m. This will make it harder for its trustees to ward off admission charges, in addition to staff cuts, when they meet to confront the BM's financial crisis on December 7. Can this be the government's strategy, to nudge the BM into charging?

If so, it is pitifully short sighted. Why, at a time when the Heritage Board is able to hand out hundreds of millions in lottery revenue each year to sometimes specious causes, should one of the great British cultural traditions, free access to the great public collections, be sacrificed? It is a nonsense.

Theatre/Alastair Macaulay

Too much ado

Much Ado About Nothing is one of those few Shakespeare comedies that never seems to fail. Those who have seen superlative productions of it will often be disappointed, for it is hard to judge the play's coordination of elements of savage seriousness, witty banter, romantic courtship, and comic fatuity. Some stagings treat it as a mere series of jolly japes in period frocks.

Certainly Michael Boyd – director of the new Royal Shakespeare Company production and one of the company's new associate directors – recognises that all these elements are present in *Much Ado*. It seems to me that he misjudges several episodes; that he works too hard to make sense of minor points; that he adds ingredients that merely distract from the play itself; and that his production is not one which re-illumines *Much Ado*. And yet the play's complexity is alive, alarming, funny, and interesting.

But it does too much. Why is there, for example, a silent little boy who appears to both Benedick and Beatrice, and on whom alone the play ends? A solemn Cupid? Lost innocence? Whatever his meaning, he takes us away from the text. And there are too many running gags about half-finished portraits; and about moving tables, mirrors, and frames, some of which end up – why? – moving of their own accord.

Yet Alex Jennings is Benedick, a role for which he was destined by nature. He has the sardonic, urbane wit, the elegant nobility, and also the sober gravity for the role. His intonation (part snarl, part drawl), his spontaneity, and his voice's always surprising bass depths all make their contribution. Too bad, then, that Boyd has him grossly over-clown in the great scene when he overhears his friends talking of Beatrice's love for him – hiding under a table and then moving the table all round the stage to hear better. Jokes like this treat the audience as ninnies. However, Jennings plays the love scenes with Beatrice touchingly, only letting comedy emerge when it does not spoil the situation.

Beatrice is Siobhan Redmond, and by the end of the role I had entirely warmed to her rounded, self-contradictory, characterisation. She is a restless, babbling Beatrice, lightweight but intense, who cannot help her flow of barbed wit, whose newfound love for Benedick stops her in her tracks, but who delivers one speech in Benedick's arms with so much fury that it is inaudible. If she can make us believe that she believes "a star danced" when she was born, if she can learn the cool to make "Kill Claudio" unfunny, and if she can acquire greater vocal projection, she will be altogether excellent, and original.

Hero, inexplicably, is Emily Bruni, who gives a dull performance and has one of the least audible and least attractive voices I have ever heard in an important role in the Royal Shakespeare Theatre. Rhashan Stone, as Claudio, has force but neither polish nor ardour. But Damian Lewis, a very impressive young actor, brings Don John to life with a nervous, laughing, loutishness that is both dangerous and naive.

It is good to have that winning character actor Christopher Luscombe back with the RSC. The witless Dogberry is not really the right role for his wit, and yet he makes this character's silly self-importance and malapropisms one of the highlights of the evening. Tom Piper, designing, keeps the play in Elizabethan costume. Why, I wonder, at the end of the play, does the roof of his set lift up to reveal the evening sky to us and to all onstage?

As usual with the RSC, there is too much music – right through one important Don John scene – but, unusual at the RSC, most of the music is extremely good. The composer is Stanislas Syrewicz, a Polish composer new to the company and to me. The dance with which he brings the play to an end is eloquent perfection: tender, melancholy, sweet, poignant, and – long after the performance – haunting.

In RSC repertory at the Royal Shakespeare Theatre, Stratford-upon-Avon.

Winning roles: Siobhan Redmond and Alex Jennings — Alastair Muir

Ballet/Clement Crisp

Out of tune

Two ballets for the price of one is the message of Ashley Page's latest creation at Covent Garden. But after Tuesday night's first performance I tend, as with supermarket offers, to mistrust the product.

Page's *Two-part Invention* is set to unrelated scores: Robert Moran's *32 Cryptograms for Derek Jarman*, a jittery piece of minimalism, and Prokofiev's fifth piano concerto, a work hard-driven through four of its five movements. Musical similarities there are none, save in the fast pulse-rate of both compositions, and Page proposes two sections of choreography whose most obvious link is the irruption of dancers from the first part into the later sections of the second.

The initial problem with the ballet is that it is far, far too long, running for 40 longer-seeming minutes. Over-generous with steps – the dance chatters and gabbles – it cries out to be seen as two separate exercises. It cries out even more to be rid of decor and costumes in the second part, which is stuffily over-designed. Peter Mumford's sets offer massive panels to murky shades of mauve and green which yield to a red abstract cloth. Costumes, by Jon Morrell, are to the same dispiriting colours, the girls in hard-cut but stylish tutus – their line recalling the disc-shape Page used in his fine *Pursuit* of 1987 – and the men in ugly jackets which are undecided if they are also waistcoats, and fail signally to suit their wearers.

The choreography of this second part, set to the piano concerto, is in Page's developed classical manner, but he is forced by his score into an unceasing and uneasy provision of steps. Witty, alert though Prokofiev's writing is, it is also garrulously virtuosic, and Page cannot escape the fact. There are evident felicities – the cast held in a long line of contrasting poses is a grandly memorable idea – but the music is self-defeating for a creator who responds to his score with any sensitivity. Page is trapped into a language unrelaxed and repetitive.

The first section is also hyperactive, as Robert Moran's minimalism rattles along its single track. With it, Page essays an bold idea. A cast of nine are in unisex grey outfits of trousers and simple tops. A large screen to the rear of the stage offers a film of these same dancers in actions which copy, echo, contemplate (as far as I can judge on one viewing) the choreography given to the performers we watch. The interplay between film and reality is both intriguing and distracting: do you look at dance or dance-film? Whatever tensions are created – and it may well be that Page wishes us to know this conflict – the piece has a bright-cut manner.

More free in style than in the Prokofiev section, and danced with eager bravura by its gifted young cast, the choreography seems better able to cope with its accompaniment. I find minimalist scores more shackle than inspiration for dance, and Page is at times hostage to the factitious vivacities of Moran's writing – form less important than repeated incident. But the dance's energy and its sense of exploring possibilities gives this first part purpose. Separated from its Siamese-twin, it would be a useful addition to the repertory. As part of this tandem staging, its effects are minimised by what follows.

Page's work was set in an ill-shaped triple bill, about which the printed programme for the evening was confused, obligingly listing the ballets in reverse order. The opening *Steptext* is William Forsythe at his most arrogant – house-light up, then down, then out, then up, while the dance starts and stops and is played in near-dark, and the Bach Chaconne for violin is offered in bite-size and over-amplified chunks – and at his most commanding. There is a structural clarity to the piece, and a harsh but vital feeling for the potential of academic language when it is hammered into a different shape. I don't think that Forsythe need beat it quite so hard, but the rewards of craftsmanship and vision are there, and it was dazzling danced by Deborah Bull, Peter Abegglen, Adam Cooper, William Trevitt.

At the centre of the triple bill, MacMillan's *Winter Dreams* (which is *The Three Sisters*) with largely original cast led by Darcey Bussell and Irek Mukhamedov as Masha and Vershinin. New to me, and I thought admirably sensitive and believable, Alastair Marriott as a sad, timorous Tusenbach. Not a shy step wrong: typical, we can still proudly say, of the Royal Ballet's dramatic standards.

Gordon wins the Turner Prize

Douglas Gordon, a 30-year-old conceptual artist from Glasgow, has won the 1996 Turner Prize, worth £20,000 in cash but much more in notoriety and the future value of his work.

The Turner, sponsored by Channel 4 and organised by the Tate Gallery, feeds off outrage. It is given to the artist who, in the opinion of a small group of judges wedded to the *avant-garde*, has put on the most interesting show in the past year.

Gordon was far and away the most controversial and least populist of the four short-listed candidates. The judges praised the "wit, intelligence and creative insight" in the video pieces featured in the current exhibition of the four artists at the Tate.

One shows Gordon wrestling with himself, one hand shaved clean, the other hairy: it summons up thoughts of repression and sexual ambiguity. In the other work Gordon has slowed down a scene from the movie *The Strange Case of Dr Jekyll and Mr Hyde* and run it alongside a negative of the same scene, playing with the idea of good and evil, black and white.

The videos are arresting but very few of the visitors to the exhibition actually stop and watch the screens for long, which suggests that they quickly become bored or are missing the point of the artwork.

Gordon won out over the favourite, Gary Hume, who actually uses paint – and high gloss, enamel paint, to boot – in images that blend the figurative with the abstract; Craigie Horsfield, at 47 the oldest artist in the field, who was short-listed for his photographic images of Barcelona; and Simon Patterson, who in his seminal work "The Great Bear", (now owned by the Tate) converted the London underground map into a network of different connections by changing the names of the stations to the names of the famous and the infamous – and then repeated the trick in other works.

A.T.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-6718345
● Radio Kamerorkest: with conductor Ton Koopman, cellist Quirine Viersen, soprano Sandrine Piau, alto Hanne Fischer, tenor James Taylor, baritone Peter Savidge and the Groot Omroepkoor perform Haydn's Symphony No.58, Cello Concerto in D and Harmoniemesse; 3pm; Nov 30

■ BILBAO

EXHIBITION
Museo de Bellas Artes Tel: 34-4-4419536
● Julio González: exhibition focusing on the work of the Spanish artist Julio González (1876-1942) as a draughtsman. Included in the exhibition are 104 drawings by González from the collection of the Museo Nacional Centro de Arte Reina Sofia. Alongside these works all of his sculptures on the theme of the "sitting woman" are displayed, including his iron sculptures "Femme assise I", "Femme assise II" and "Femme assise III" from the 1930s; to Dec 1

■ CANBERRA

EXHIBITION
National Gallery of Australia Tel: 61-6-240-6411
● Paris: In the Late 19th Century: this major exhibition – which is the result of a collaboration between the National Gallery of Australia and the Musée d'Orsay in Paris – focuses mainly on 1890s Paris, but also the years leading up to that decade and looks forward to the early 1900s. The exhibition features more than 200 works, including paintings, sculptures, decorative arts, fashion, drawings, prints and books. Artists represented include Van Gogh, Gauguin, Cézanne, Monet, Renoir and others; from Nov 30 to Feb 23

■ FRANKFURT

CONCERT
Alte Oper Tel: 49-69-1340400
● Montblanc-Philharmonie der Nationen: with conductor Justus Frantz and pianist Alexei Sultanov perform works by Tchaikovsky; 7.30pm; Dec 1

EXHIBITION
Jahrhunderthalle Hoechst Tel: 49-69-3601240
● Otto Mueller: retrospective exhibition devoted to the German Expressionist artist Otto Mueller (1874-1930), one of the members of the artist group Die Brücke. The display includes paintings, watercolours, pastels, and graphic works; to Dec 1
Schirn Kunsthalle Tel: 49-69-2998820
● Sean Scully: 20 Jahre, 1976-1995: this travelling retrospective exhibition presents about 30 paintings by the postwar American abstract painter Sean Scully, along with some 31 watercolours related to his paintings. The exhibition is organised in collaboration with the High Museum of Art in Atlanta; to Dec 1

■ LONDON

ART & ANTIQUE FAIR
Christie's South Kensington Tel: 44-171-5817611
● The Britt Ekland Collection: comprising more than 200 lots, the Britt Ekland collection features a selection of Art Nouveau, costume, jewellery, photographs, letters and ephemera. The Swedish actress has been an ardent collector for more than 20 years, with a particular passion for the flowing lines of Art Nouveau. Many of the items included represent some of the most significant chapters in Ekland's life, such as her marriage to the actor and comedian Peter Sellers; 7pm; Dec 3

CONCERT
Queen Elizabeth Hall Tel: 44-171-9210600
● London Sinfonietta: with conductor Reinbert de Leeuw and baritone Roland Hermann perform works by Kagel; 7.45pm; Dec 1
Royal Festival Hall Tel: 44-171-9604242
● The London Philharmonic: with conductor Maxim Shostakovich, pianist Eugene Mursky, trumpeter Wolfgang Bauer, soprano Susan Bullock, mezzo-soprano Sally Burgess, tenor Arthur Davies and bass Robert Hayward perform works by Wagner, Beethoven and Shostakovich; 7.30pm; Dec 1
Royal Opera House – Covent Garden Tel: 44-171-2129234
● Messiah: by Handel. Concert performance, conducted by Trevor Pinnock and performed by the English Concert. Soloists include Argenta, Wyn-Rogers, Rolfe Johnson and Finley; 7pm; Dec 1
St John's, Smith Square Tel: 44-171-2221061
● Sarah Walker: recital by the mezzo-soprano, accompanied by pianist Roger Vignoles. The programme includes works by Loewe and R. Schumann; 7.30pm; Nov 30
Wigmore Hall Tel: 44-171-9352141
● Andrew Wilde: the pianist performs works by J.S. Bach, Haydn, Chopin, Liszt and Balakirev; 11.30am; Dec 1

■ MILAN

THEATRE
Teatro Carcano Tel: 39-2-55181377
● Il Giuoco delle Parti: by Pirandello. Directed by Gabriele Lavia, performed by La Compagnia del Teatro Eliseo. The cast includes Laura Marinoni, Massimo Lodolo, Gianni De Lellis, Alberto Ricca and Alkis Zanis; Tue - Sat 9pm, Sun 3.30pm; to Dec 1 (Not Mon)

■ NEW YORK

CONCERT
Alice Tully Hall Tel: 1-212-875-5050
● Juilliard String Quartet: perform works by Bartók; 8pm; Dec 3
Carnegie Hall Tel: 1-212-247-7800
● Symphony No.9 in D major: by Mahler. Conducted by Lorin Maazel, performed by the Bavarian Radio Symphony Orchestra; 8pm; Dec 3

EXHIBITION
The Metropolitan Museum of Art Tel: 1-212-879-5500
● Queen Nefertiti and the Royal Women: Images of Beauty from Ancient Egypt: the royal sculptors of Amarna in ancient Egypt produced some of the most exquisite images of royal women that have been preserved from ancient Egypt. At the centre of this exhibition are about a dozen sculptures representing Queen Nefertiti, her daughters, and other women of the royal family. Together with relevant reliefs, artists' sketches, and objects of minor arts, the works demonstrate the transformation of the ancient Egyptian ideal of female beauty that emerged during the Amarna period (ca. 1353-1336 B.C.). The objects on display come from the Louvre, the Agyptisches Museum Berlin, and other foreign and US museums; to Feb 2

JAZZ & BLUES
Blue Note Tel: 1-212-475-8592
● Dave Stryker: Blue to the Bone: featuring Brian Lynch, Conrad Herwig, Steve Slagle, Bob Parsons, Bruce Barth, Jay Anderson and Billy Drummond; 9pm & 11.30pm; Dec 2

■ PARIS

CONCERT
Théâtre des Champs-Elysées Tel: 33-1 49 52 50 50
● Sinfonia Varsovia: with conductor Yehudi Menuhin perform Beethoven's Egmont Overture, Symphony No.2 in D major, Op.36 and Symphony No.7 in A major, Op.92; 8.30pm; Dec 2

OPERA
L'Opéra de Paris Bastille Tel: 33-1 44 73 13 99
● Lohengrin: by Wagner. Conducted by James Conlon, performed by the Orchestre et Choeurs de l'Opéra National de Paris. Soloists include Jan-Hendrik Rootering, Gösta Winbergh, Karita Mattila, Tom Fox, Gwyneth Jones and Michael Volle; 7pm; Dec 1
Théâtre de l' Opéra Comique Tel: 33-1 42 44 45 46
● Les Contes d'Hoffmann: by Offenbach. Conducted by Dusan Stefanek, performed by the National Opera of Slovakia. Soloists include Sergei Larin, Denisa Slepkovska and Peter Mikulas; 7.30pm; Dec 3

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European Money Wheel

18.00
Financial Times Business Tonight

Philip Stephens

The spending swiz

Less cannot mean more in public services, but neither of the main political parties is prepared to say so

There is a serious argument in British politics. It is about the size and the scope of the state. Its eventual resolution will touch every citizen in the land. Yet between now and the general election this debate will be conducted on entirely spurious statistical ground. Perhaps we should not be surprised. Politicians were bending the numbers before we lesser mortals learnt to count. But we can at least protest.

The Red Book which accompanied Kenneth Clarke's Budget this week is a number-cruncher's dream, packed with charts and forecasts on everything from world trade in manufactures to house prices. Presumably someone looks at them. But you have to work your way to the back of this hefty tome to find the important figures. It is worth persevering. Two seemingly unremarkable tables, on pages 123 to 124, take us to the very heart of the politicians' deception.

It is here the Treasury sets out its medium-term spending plans. Every Whiteball department is represented, from health to heritage, export credits to education. Each has a budget for the next three years. Conveniently, they are expressed both in casb and in real (after inflation) terms. These tables should tell us everything we need to know about public spending, and thus the share of national wealth taken by the state, until the turn of the century.

Should. The projections are pboney. Worse still, the politicians, Tory and Labour alike, ebare a curious interest in concealing that fact from the voters. Otherwise Messrs John Major and Tony Blair would have to admit either thet taxes are set to rise or tbat public provision will shrink. You can see wby they prefer to keep quiet.

The Treasury's forecasts show that, over the three financial years from 1997-98 to 1999-2000, public spending will rise in real terms by an annual average of less than 0.5 per cent. To put that in some perspective, the economy as a whole is expected to grow more than five times as fast over the same period. On these projections, the share of national income taken by the governmant would fall from the present 41 per cent to just over 38 per cent at the end of the millennium.

It is into this financial straitjacket that both parties are now committed to step after the general election. They are, of course, Mr Clarke's figures. But so far as I am aware, Gordon Brown, his Labour shadow, has said nothing to indicate that he would spend more.

True, some services will fare a little better than the average – health, education and social security are the obvions candidates. But thet means others face at best a freeze and, more likely, a real cut in resources. In other words, we may all become more prosperous in our private lives, but we cannot expect any improvement in public provision.

Many of the tendentious assumptions in these tables have already been spotted. An unprecedented squeeze on local authority spending will be possible only if paid for by the voters in hefty increases in local taxes. It's also funny, isn't it, that the Treasury has chosen the last Budget before the election to balance the books with some optimistic assumptions about unemployment. And there is a curious conflict between the government's pledge to increase real spending on the health service and figures showing a rise only for the first of the three years.

> **Messrs Major and Blair would have to admit either that taxes are set to rise or that public provision will shrink. You can see why they keep quiet**

But these are minor problems. The Treasury has always been adept at creative accounting. The real deception lies elsewhere. And it can be seen with equal clarity from either side of the ideological divide about the appropriate size of tha state.

Put simply, the politicians are pretending we can have something for nothing: the same breadth and quality of public services witbout spending any more on them. Forget about the demographic pressures on the welfare state, that the physical fabric of the nation is already crumbling, or even the fact that as we grow richer we tend to expect better schools, hospitals and roads. From now we will get more for less. Ha!

Yon can see why Mr Clarke has produced these numbers. An election looms. The government will fight it on the promise of both lower taxes and lower public borrowing. Public spending must take the strain. The chancellor has a point too in eaying tbere is always scope to improve efficiency. That is what happens in the world outside. But the state sector has already been squeezed. Its resources have been growing at a third of the rate seen in the 1980s. It has run out of easy economies.

So the Treasury's targets can be met ouly at the expense of a progressively shabbier state. The alternative is for the government to admit it plans to withdraw from some areas of public provision. It could do less, better. There are many on the Tory right who argue for just that. They would privatise pension provision, make students pay fees, introduce more health service charges. But Mr Clarke sees himself as a defender of the welfare state. He refuses to preside over its retreat. Anyway, the voters might not appreciate such frankness.

There is, of course, a second honest option. The politicians could admit that the targets will never be met; that, once the election is out of the way, they will revisit the figures and add a few extra billion to the totals. Tax cuts will have to take second place.

Mr Brown, though, is as reluctant as Mr Clarke to acknowledge that reality. It is easy to see why. However dodgy the Red Book figures, for Mr Brown to say he would spend more would be to offer a priceless gift to the Conservatives. The Tory charge – New Labour, New Taxes – would stick like superglue. So the shadow chancellor is left proposing a few switches of resources between programmes and an employment scheme financed by a one-off tax on privatised utilities.

The result: the legitimate argument over bow much, and bow, the state should spend is wilfully enppressed. Political fear drives out economic reason. Mr Blair talks of the 22 Tory tax rises, Mr Major of 25 Tory tax cuts.

It is all nonsense. The currency of debate has been so debased that both parties enter the election defending tbe indefensible. We can have lower taxes or better state provision. We could decide to ebare the economic growtb dividend between the two. But we cannot have everything. The politicians will not tell yon that.

LETTERS TO THE EDITOR

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We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'), e-mail: letters.editor@ft.com ... are also available on the FT web site, http://www.FT.com. Translation may be available for letters written in the main international languages.

Carping ignores achievement on elimination of tariffs

From Mr C. Fred Bergsten.

Sir, Your absurdly titled "Apec's lost opportunity" (November 27) grossly misrepresents last weekend's Subic summit. The Apec (Asia Pacific Economic Co-operation) leaders decided at that meeting to lead the world toward eliminating virtually all tariffs on $500bn of information technology trade over the next four years. This is probably the biggest sectoral liberalisation in history. Subic provides tangible evidence of Apec's willingness to move dramatically toward free trade in the Asia Pacific region and provide needed leadership for the global system.

Despite the carping in your editorial, all Apec countries have made a firm political commitment to eliminate most tariffs on most information technology products by 2000. It is virtually certain that the European Union will join the agreement at the up-coming ministerial conference of the World Trade Organisation in Singapore. Contrary to your assertion, Apec has thus demonstrated once again – as when it played a decisive role in the completion of the Uruguay Round in 1993 – that a regional grouping that strongly supports the global system can "build important momentum for multilateral deals". The Apec leaders certainly have "injected political momentum at a critical moment".

The FT was sceptical when President Clinton launched the Apec summits in 1993. It was even sceptical when in 1994 the Apec leaders committed themselves to achieve free and open trade and investment in the Asia Pacific region by 2010-2020. It obviously remains sceptical. Such naysaying this would be understandable from European politicians excluded from the process but is incomprehensible for a newspaper that professes to support free trade but fails to recognise the ballerina when she dances in front of it. It is even stranger that an editorial page that has called for globalising the regional liberalisation initiatives would denigrate precisely such an outcome!

C. Fred Bergsten,
director,
Institute for International Economics,
11 Dupont Circle,
N.W. Washington, DC, US

Loan programmes need fresh approach

From Mr Nicholas Colloff.

Sir, As well as a simple surfeit of advisers roaming eastern Europe at EU expense ("EU urged to cut funds to east bloc advisers", November 16), the way they are used often guarantees failure.

The EU Phare programme's policy insistence on working through government or quasi-government institutions both delays programmes through bureaucratic inertia and places significant decision making powers in the hands of those least likely to understand the emerging market economy or the needs of small and medium enterprises.

Only by creating new institutions or working with commercial banks able to change their perceptions and ways of working with small and medium enterprises will flexible and successful lending programmes be created. Successful models exist, usually funded by bilateral rather than multilateral programmes, from which the EU could learn.

To pick one at random: a programme based in Cracow, Poland, funded by the Polish American Enterprise Fund and supported by Opportunity International, a non-governmental organisation, lends to small enterprises at 8 cents for each dollar loaned and enjoys repayment rates in the high-nineties.

Sadly, no doubt such learning will require the dispatch of more consultants to eastern Europe... but, it is hoped, ones intent on their own demise.

Nicholas Colloff,
Ankarska 33/25,
91000 Skopje, Macedonia

View shows events are too easily forgotten

From Mr John Allenby.

Sir, While many readers will be in sympathy with the general tenor of Michael Prowse's article "A deep debt of gratitude" (November 25), the statement that "It [the US] defeated Nazi Germany" cannot be left unchallenged.

More than 85 per cent of Hitler's military might – tanks, guns, aircraft, and, above all, manpower – was crushed on Germany's eastern front in four years of battles of unequalled scale and ferocity.

How quickly history is forgotten.

John Allenby,
Summerfield Corner,
Moons Hill,
Frensham,
Farnham,
Surrey GU10 3AW

Deregulated too far for safety

From Mr D.G. Feickert.

Sir, David Wighton reports ("Onslaught begins on EU regulation", November 28) that Roger Freeman, the UK deregulation minister, will lead a drive for deregulation at a meeting of the internal market council in Brussels and that the UK is being supported increasingly by other member states. The mood has changed, Freeman claims.

Could this be the mood change following the explosion of the BSE crisis in the EU and enhanced now by the Channel tunnel fire? The former is seen widely as originating in a "deregulation too far" in the UK meat rendering industry which is costing the EU and its member states Ecu10bn. The latter arises from the kind of health and safety deregulation advocated so strongly by the UK, which limited severely the safety design of the Channel on cost grounds.

Can the EU afford any more UK-inspired deregulation?

D.G. Feickert,
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1180 Brussels, Belgium

Memory not served well

From Mr Ozan Gurel.

Sir, Your Observer column notes ("Crash landing", November 25) that, in purchasing a second world war Supermarine Spitfire, oilman Patrick Taylor "says he's fascinated by the last war in Europe". I wonder what Mr Taylor and the writer think went on in Bosnia and Croatia over the last half decade.

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Europa · Francesco Giavazzi

Model for independence

The European Commission should be reformed to avoid a conflict of roles

Amid the hullabaloo about European monetary union and the intergovernmental conference on the future of the European Union, the most urgent priority seems to have been forgotten: the need to reform the European Commission.

In the present institutional set-up, the Commission has two separate missions. It is the advocate of Europe, because it is the only institution which can put forward new community legislation, and thus expand the scope of European integration. But it is also the administrator of the existing European institutions and in particular of the single market.

These roles are different, and often in conflict with one another. The first, particularly emphasised during the presidency of Jacques Delors, is essentially political: to promote European integration, the Commission must constantly cut political deals to build as wide a consensus as possibla in support of its proposals.

But as an administrator, the Commission should abstain from political considerations and limit itself to the blind and fair application of its directives.

It is obvious these two roles often clash. For example, in policing the single market, a commissioner often has to initiate legal action against a member state which is infringing a rule, while retaining the support of that state for some vital piece of legislation supported by the Commission. Unsurprisingly, many such actions are either postponed or their impact diluted.

The consequences of these conflicts could be particularly serious after economic and monetary union (Emu). If the single currency is to succeed, a sharp increase is needed in the flexibility of tbe European economies. Without more flexibility in labour markets, for example, the EU could soon find itself harbouring pockets of deep unemployment.

There is also a need – especially in continental Europe – for more competition in transport, services, procurement and distribution. But there is usually strong resietance to increasing flexibility and competition – particularly from powerful national monopolies. And governments of member states are freqnently captured by domestic interests.

In many cases, it takes ontside pressure to break such deadlocks, and the only body able to apply tends to be the Commission. Too often this pressure fails to materialise.

In the case of Crédit Lyonnais, the Commission has repeatedly bowed to the French government and accepted new plans to pour large sums of taxpayers' money into the bank after the failure of previons restructuring plans. This sends the wrong signal to European banks which need to shed weight and provide cheaper and more efficient services to their customers.

And in the case of the Italian steel industry, the Commission gave the green light to a large programme of state aid in 1993 on condition that the Italian government completed the privatisation of two state assets by December 1996: the telephone company Stet and the company which owns Italy's profitable highways. As the deadline approacbed, it became clear that Italy would not be able to face up to its commitment.

Mr Karel Van Miert, the competition commissioner, flew to Rome and extended the deadline, saying Italy's reasons for delaying the two privatisations were acceptable. This sent tbe wrong signal to the Italian anti-privatisation lobby which has exerted sucb influence on the government.

In fact Mr Van Miert seems to have realised as much, since be later set tougher terms for extending the deadline after representations from pro-privatisation forces in Italy. But there are many other examples of the Commission failing to crack down on state aid to companies such as Volkswagen, Air France and Iberia.

Each of tbese decisions was the result of political inflnence exerted by national governments on the Commission which needs the support of those governments to promote its agenda. Transparency in the decision-making process is seriously lacking, leaving those with the most inflnence to lobby freely.

The time has come to assign the responsibility for policing state aid and competition rules – including merger regulation and the single market – to independent agencies. Such agencies should be separate from the Commission, sheltered from political interference, and should have clear and non-conflicting missions.

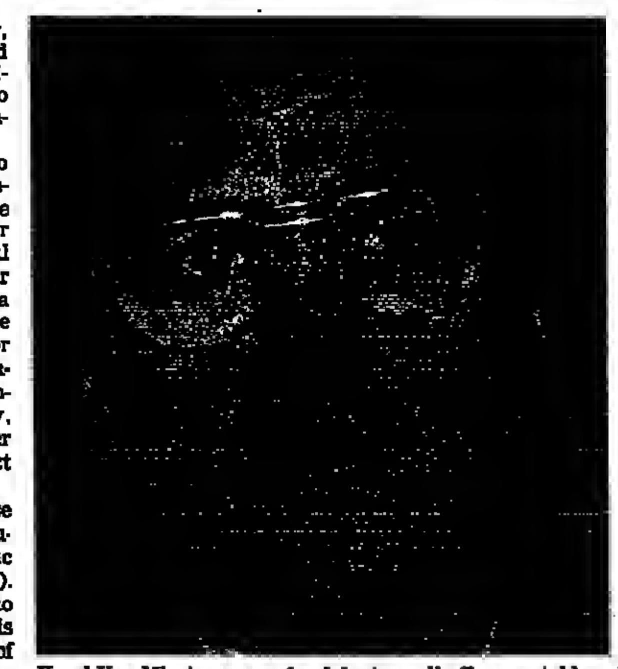
There are two possible models for these agencies. They could be responsible for both the investigation procedures and for the final decision, subject to the possibility of being challenged in the courts.

Or they should simply help balance national lobbying by acting as advocates on bebalf of particularly weak parties such as consumers and bringing investigations into the open. In this case, the final decision would be left to the Commission, but would be announced only after the interests of all parties have had a chance to be explained publicly.

The Commission in turn should concentrate on a single mission: advocacy of Europe, to foster and promote new legislation which would encourage flexibility and competition in the EU, and then to lobby for its adoption.

The intergovernmental conference has been a lost opportunity. But it would be wrong to say thet a reform of the Commission would hava interfered with the timetable for monetary union.

On the contrary, if the EU keeps relying on the Commission to promote flexibility and competition in Europe, nothing much will happen with its present conflicting roles. The single currency may be launched on time, but without strong outside pressure to braak national monopolies it may turn into a deep disappointment.



Karel Van Miert: reasons for delaying sell-offs acceptable

The author is professor of economics at Bocconi university in Milan and a former director of the Italian Treasury. He is one of the authors of Flexible Integration: Towards a More Effective and Democratic Europe, *published by the Centre for Economic Policy Research, London. The Centre takes no institutional policy positions*

FINANCIAL TIMES

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Friday November 29 1996

Carving up Russia

Boris Yeltsin's re-election as President was hailed as a victory for Russian market reform against the forces of reaction. And so it was. But the struggle to determine the kind of market economy it will become is still being fought. The signs are that it may not produce the outcome foreign investors, or most Russians, would have wanted.

Investors have been understandably encouraged by the success of the government's economic stabilisation programme, which began in earnest in the spring of last year. But moderate inflation is only one of the preconditions for lasting and equitable economic growth. To thrive, capitalism also needs e well-functioning, predictable etate and broadly competitive markets. The chances of achieving either in Russia appear to have fallen sharply in the months since the election.

The most obvious symptom of the state's continued weakness is the inability to collect taxes. Tax revenues in for the first nine months of 1996 were running at 65 per cent of those budgeted. This led the International Monetary Fund to withold the October tranche of the $10.2bn loan facility agreed in March.

A series of attempts to prosecute non payers has hoosted revenues since then. Victor Chernomyrdin, the prime minister suggested yesterday that these would persuade the IMF to resume lending next month. But haphazard enforcement of an outdated and distorted tax syetem is no substitute for building a new one. Nor does it take away the vast discretionary power of the individual officials deciding who will bear the brunt of ad boc attempts to cut spending or boost revenues.

The increasing fragmentation and inefficiency of the federal bureaucracy is all the more worrying when set against the dramatic increase in the concentration of corporate power over the past year. Mr Boris Berezovsky, now deputy secretary of the Kremlin's National Security Council bead, boasted to the FT recently that his and five other conglomerates oow control more than half of Russian GDP.

This may well turn out to be an exaggeration. But few doubt that the "big six", along with the sprawling oil and gas companies, Lukoil and Gazprom, either control or are close to controlling nearly all the most valuable bits of the economy. Nor is there much question that they have high-level government support.

The groupe' appetite for power shows little sign of being sated. Monday brought news that two members, the Most group and Alfa bank, were to replace western banks as advisers and, probably, leading investors in the merger and eventual privatisation of Russia's two largest telecommunications companies. This deal will create e single, dominant monopolist – run by well-placed friends of Mr Yeltsin – in a crucial sector in which the government has previously promised to foster competition.

Is any of this worth worrying about? After all, every country making the transition from central planning to the market has found it difficult, in the chaos, to collect enough taxes. And arguably, the privatisation and restructuring of industry was inevitably going to lead to some industrial concentration.

Defenders of the government say that the leadership of a few nineteenth century style robber barons will turn out to be exactly the spur Russian industry needed. Judge not by how they got their power, the apologists argue, but by how they use it. But it is questionable wbether these dominant groups will turn out to be such a positive long term force.

Foreign investors hoping, eventually, to see competition thrive in Russia, should remember that economic and political power is an addictive cocktail. Few cede it volontarily.

Silly question

Do Britain's voters agree that the moon should be made of green cheese?

Or should it be converted into a space-age theme park to delight future tourists and add 0.25 per cent to global GDP?

Note: By green cheese is meant an evil-smelling substance made from sour milk and pitted with small craters of mould. Strange creatures live in these craters and emit killer rays which prevent Englishmen from making decisions for themselves.

Clearly, when these questions are put to to the people in one of the many forthcoming referendums, all right-thinking patriots must opt for the second.

Neither alternative, it may be objected, is entirely practical. But this would be to miss the point. The referendum will not be for dull sublunary pedants, trudging the art of the possible. It is for bright, rich, imaginative people, ready to embrace a far, far better world than most have dreamed of.

There is one difficulty, however. This stupendous vision requires a sponsor: a man of wealth, breadth and unbounded self confidence, ready to give his authority and political substance to what is as yet only at the concept stage.

Such people are understandably rare. Were he not fully engaged in his gallant crusade for a referendum on the little green men now strutting across the Continent from Brussels to Strasbourg and threatening 1,000 years of British tradition, Sir James Goldsmith would surely be the man.

Path to peace

For some time Mr Gerry Adams and other leaders of Sinn Féin/IRA have been hinting at another republican ceasefire in Northern Ireland. In contacts with Mr John Hume, the leader of the mainly Catholic SDLP, Mr Adams has sought assurances that such a ceasefire would be followed by Sinn Féin's early entry into the multi-party talks on the future of the province.

Mr John Major has now set out in considerable detail the response of the British government. If Mr Adams and his colleagues are serious in their expressed intention to exchange the Armalite for the ballot box, they will see in these proposals a pathway to peace.

As a condition for Sinn Féin's entry to the talks Mr Major has demanded the declaration of an "unequivocal" ceasefire. An end to bombings and other terrorist action would have to be accompanied by evidence that the IRA had abandoned other operations such as surveillance, targeting and weapons preparation. In Mr Major's words, the end to violence would have to "credible".

The prime minister's statement then sets out the process, starting with bilateral talks and including an unambiguous affirmation by republicans of the Mitchell principles of democracy and non-violence, which would lead Sinn Féin into the talks. There would be no formal "quarantine" period, but the adjournment of the multi-party talks until early next year would provide a convenient period for initial confidence-building measures.

These terms fall short of Mr Adams's demand that he be given a date for Sinn Féin's participation in advance of a ceasefire. Its initial, negative, reaction was disappointing. Mr Major's statement is also the subject of reservations in Dublin. The Irish government, apparently convinced that a permanent end to violence is still possible, would have preferred a less cluttered route from ceasefire to negotiations.

For his part, Mr Hume has now voiced publicly his view that Mr Major's response was in part dictated by his government's precarious majority at Westminster and its dependence on the votes of Ulster Unionists.

But whatever the particular constraints on this prime minister, no British government can be seen to submit to the blackmail of terrorism.

The republican bombing campaign since the end of the last ceasefire in February has hardly enhanced confidence in the motives of Mr Adams. Mr Major must show respect too for the views of the democratic, unionist, majority in Northern Ireland.

If Sinn Féin is sincere in wanting peace it cannot say that the absence of a more specific timetable for its entry into talks is sufficient cause to delay a permanent end to violence. It should seize the opportunity it is now offered.

Lights flicker in the powerhouse

The German economy's slow growth and excessive deficit are far from being solved, warns **Peter Norman**

If the past year has taught Germans anything, it is to be wary of economic forecasts and promises. A year ago, Mr Theo Waigel, the finance minister, was confident the government deficit in 1995 and 1996 would be below the target of 3 per cent of gross domestic product required for membership of the European monetary union.

In the event, the deficit turned out to be 3.5 per cent of GDP last year and, according to the finance ministry, is expected to reach 3.75 per cent this year.

Today, Chancellor Helmut Kohl will push through his latest attempt to make Germany fit for the single currency, with a 1997 budget designed to bring the deficit comfortably below the 3 per cent target.

But the country's problems of slow economic growth, high unemploymeot and an excessive government deficit are far from being solved.

Politically, tbe budget has given Mr Kohl's government an opportunity to hind its wounds. Only a month ago, the coalition of the cbancellor's Christian Democratic Union, its Bavarian sister party the Christian Social Union and the small Free Democrat party was tearing itself apart on the subject of taxes.

Squeezed by rising unemployment and falling tax revenues, Mr Waigel, the CSU leader, had compelled the Free Democrats to reoege on their greatest political achievement this year, a planned tax cut. The FDP had boosted its electoral support by securing future reductions in the solidarity surcharge which is added to income and corporation taxes to help finance eastern Germany.

But it was forced to accept a one-year delay in the reduction by 1 percentage point promised for January 1997. The resulting bitterness spilled over into a vicious squabble between the Free Democrats and their CDU/CSU partners over whether the tax should be cut by one or two points at the start of 1998.

During this week's final debate on the budget in the Bundestag, the lower house of parliament, there was barely a trace of the row that on November 5 prompted Mr Kohl to threaten resignation and an end to the coalition after 14 years.

"The coalition is over its turbulence," declared Mr Wolfgang Gerhardt, the FDP leader, as he pledged his party's support for the government on Wednesday. And Mr Kohl's low key but confident performance in the same debate suggested the chancellor shared this view.

Instead, Mr Gerhardt and chancellor Kohl emerged as soulmates on the subject of Europe, declaring there was no alternativa to the single curreocy.

They both underlined their determination to have Germany meet the ecoonomic convergence criteria in the Maastricht treaty in 1997, the year which will determine the founder members of the monetary union.

The 1997 federal budget plans to cut federal spending by 2.5 per cent to just under DM440bn ($263bn) and lop nearly DM20bn off the deficit to DM53.3bn. This will be Bonn's contribution towards cutting Germany's overall government deficit to 2.5 per cent of gross domestic product next year – safely below the treaty's 3 per cent "reference value".

Last week, Mr Waigel secured assurances from officials of the federal states and local authorities that they would make their contribution towards a reduction in the overall public sector deficit from DM120bn this year to DM99.5bn next year.

Germany is thus back on target to meet the Maastricht criteria without the massaging of budget deficits practiced in other EU member states such as France and Italy. But its 1997 public finances are not without risk.

The hudget arithmetic has been subject to continual revision since publication of the first draft in July and there is no guarantee that it will not have to be revised again. The finance ministry was forced to revise down its expectations of 1997 tax income by nearly DM5bn between July and November.

And Mr Waigel originally intended to pay no subsidies next year to the federal labour office, which pays unemployment insurance. However, he was eventually forced to prodnce DM4.1bn to cover an expected shortfall in its revennes. In response, government departments had to make repeated inroads into their spending plans, culminating in DM3bn of cuts earlier this month.

However, the detail on how tha DM3bn of emergency savings will be achieved has yet to be epelt ont. There is also, according to Mr Adolf Roth, the CDU budget expert in parliament, the risk of a DM5bn budget hole because of an unresolved dispute on legislation with the Bundesrat, the second chamber of parliament representing the states.

The labour office has challenged Mr Waigel's view, arguing that the DM4.1bn of subsidies will be inadequate and seeking DM9.4bn instead. And it is unclear whether Bonn can expect as much as DM1.54bn in fees from the sale of licences to aspiring telephone operators in the run-up to the complete liberalisation of the German telecoms market in 1998.

The government's deficit calculations are based on the expectation that growth will be 2.5 per cent next year, in line with recent forecasts from Germany's six leading economic research institutes and the so-called "five wise men", Bonn's Council of Economic Advisers.

But both groups concluded that even with such growth Germany's deficit would be higher than the Maastricht limit next year.

The wise men, who produced their report two weeks ago when nearly all the budget information was in the public domain, predicted a 1997 government deficit of 3.3 per cent of GDP.

Mr Rolf Peffekoven, a member of the panel, said public spending would have to be cut by a further DM11bn to DM12bn, shared among the federal, state and other authorities.

Another worry is the state of the economy. The latest figures, showing eeasonally adjusted unemployment at a record 4m after rising by more than 30,000 a month since August and weaker industrial orders and production, have cast doubt on the assumption of 2.5 per cent growth in 1997.

In his speech to the Bundestag, Mr Kohl appeared to reflect these uncertainties when he spoke of growth of between 2 per cent and 2.5 per cent.

However, he was as certain as ever that Germany will qualify for Emu next year and could point to some encouraging developments. With inflation at around 1.5 per cent, Germany has virtual price stability. Wage increases have been modest this year and the D-Mark has shed the gains of 1994-95 which helped bring recovery grinding to a halt a year ago.

In addition, the financial markets are bullish. German blue chips have hit a record high on the stock market over the past week. Long-term interest rates, as measured by the Bundesbank's daily index of public bond yields, touched their lowest level this year.

Exports have been performing well, reflecting improved growth among Germany's trading partners and the delivery of German-made goods abroad in the wake of large-scale foreign direct investment by German companies.

But there is concern that the economy is becoming lop-sided. In a preliminary study of third quarter GDP, the Berlin-based DIW economic research institute concluded that exports were the sole motor of growth in the period and that the domestic economy had stagnated. There is little sign of an upturn in business investment or a fall in unemployment.

The government's programme for more growth and employment, announced in April, has so far failed to lift entrepreneurial spirits. And little wonder.

The controversial move to reduce sick pay, which became law in October, has produced industrial strife rather than lower pay bills. Instead of a promised lowering of non-wage labour costs, there will be a sharp rise next year in the pension contributions that are paid equally by employers and employees from 19.2 per cent to 20.3 per cent of gross wages.

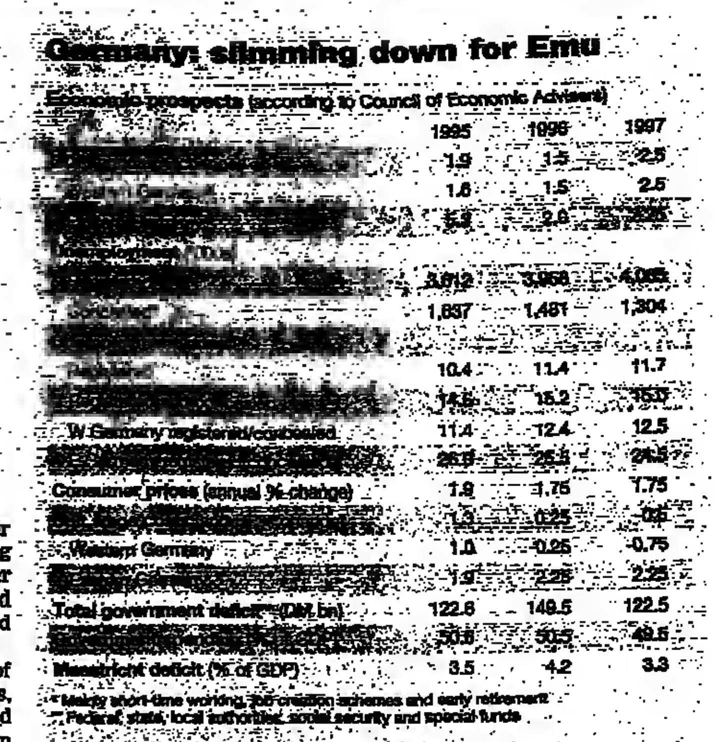
Parts of the programme, such as the plan to curb healthcare costs, have foundered on the resistance of the opposition in the Bundesrat. They have had to be redrafted at the cost of time and efficiency.

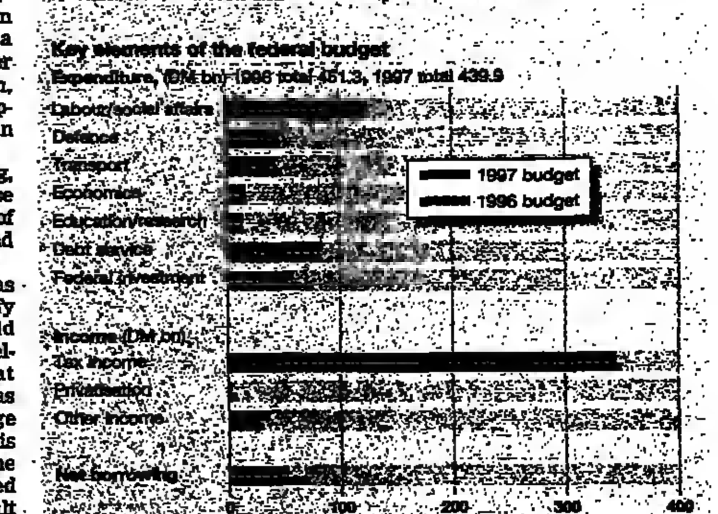
With hindsight, Mr Kohl seriously underestimated the ability of Mr Oskar Lafontaine, who becama leader of the opposition Social Democrats a year ago, to use the majority of states controlled by his party in the second chamber to block government measures.

Legislative uncertainty, especially on taxation issues, has helped dampen investment. It has also outweighed the potentially positive impact of some useful supply-side reforms such as the relaxation of rules against dismissal in small businesses employing up to 10 people that took effect on October 1. When the relaxation was first proposed, Mr Heribert Späth, then president of the association of German craft industries (ZDH), predicted "a wave of hiring" and the creation of up to 500,000 jobs. Last week, Mr Hanns-Eberhard Schleyer, ZDH general secretary, presented a survey showing the number of members planning to take on new staff was the lowest ever at 3 per cent.

To Mr Kohl, this looks like ingratitude. He has taken to berating employers for not hiring new workers in response to the government's programme.

But the chancellor's complaints in turn smack of desperation. He may preside over Europe's biggest economy. But as it shapes up to face the challenge of qualifying for Emu, Germany is no longer the powerhouse it once was.





· O B S E R V E R ·

The noblest of rots

■ There is good rot and bad rot, and perhaps only true oenophiles can tell the difference.

For that most exquisite of white wines, sauternes, the rot is good – the professionals call it "noble" – if it's the beneficial fungus that concentrates sugar in the grapes. And good rot isn't easy to come by; perhaps only once every three years is the noble rot sufficiently poised, on the good-bad cusp, to produce a classic vintage.

Such are the challenging economics of the great French vineyards such as Chateau d'Yquem, which produces the world's most expensive white wine. In the UK, even an inferior year will cost at least £150 a bottle from a wine merchant, and considerably more in a restaurant.

Run since 1785 by the Lur-Saluces family, d'Yquem is the last great vineyard still in historic hands. News that LVMH, purveyors to the rich and famous of Louis Vuitton luggage, Möet et Chandon champagne, and Hennessy cognac expects to buy control sent a chill through the wine trade.

Yes, LVMH under the enterprising Bernard Arnault would run it more commercially – but what of the winemaking? Tbe fact that some leading members of the family are holding out against the offer suggest they fear an ignoble rot.

On the other hand, some poor weather years result in not a drop being produced, as happened in 1992 – yet the bills still needing paying. It probably makes good sense to cash in, while LVMH is intoxicated with the prospect of owning yet another top-notch name.

Hairpin bends

■ How ironic it should be Italy where Frank Williams and members of his world championship winning grand prix team may face manslaughter charges after Ayrton Senna's death in 1994. Nowhere are the dangers of formula one racing more blatantly ignored than in Italy, where passionate fans regularly invade the track.

The Brazilian triple world champion died when his Williams hit a concrete wall at Imola. Bologna investigators say the steering snapped because of e faulty weld, a charge denied by the Williams team. Now Bologna prosecutor Maurizio Passarini seems poised to charge Williams, team technical manager Patrick Head and Belgian race director Roland Bruinseraede with manslaughter.

There is a feeling within the UK-based Williams team that at least the affair is approaching a denouement, with Williams and Head almost welcoming a chance to clear their names.

Make no mistake, the grand prix world is furious that a case might be brought. In the past decade, the sport has transformed safety standards; until Senna, it had been 12 years since a driver had died. And organisers fear the consequence of a full prosecution could be a total boycott of Italy's grand prix. That *would* send the fans crazy.

Ritzy life for some

■ There may have been a few extra champagne corks popping this week at London's Ritz Hotel – though not among the guests but the hotel's managers.

The reason? Victory for the hotel – after a four-year battle – in the district court of Kobe, in western Japan, against a local confectionery shop. The court says the confectioner, Kobe Fugetsudo, must desist from using the name "Ritz" for a hotel it operates in the port city. The confectioner was also ordered to pay the princely sum of Y5m – £26,357 at current exchange rates – to its London namesake.

Although the Kobe hotel actually calls itself the "Gaufres Ritz," the judge ruled that damages were due for any misapprehension caused among Japanese people that the smaller – and infinitely more modest – establishment could be associated with the grandeur of the real thing.

The Kobe Gaufres Ritz, a relatively humble tourist inn, acquired its name through a business venture between the confectioner and Hotel Ritz Barcelona of Spain, which is definitely not related to Ritz Hotel of London.

The story may yet have a sweet ending for Kobe Fugetsudo; it has filed an appeal with a higher court.

Break my window

■ Brand conscious Russians are no doubt jumping with joy that BMW, the German carmaker, is toying with the idea of setting up a manufacturing plant in the land of the Lada. Russians are so besotted with BMWs that they have even created a second hand market in badges, which they stick on the front of many a Russian rusting wreck.

But BMW may have to make a few design changes to suit local tastes. Muscovites now crack a joke about their *nouveaux riches* comrades having to buy a new BMW every month – because they've not yet worked out how to empty the ashtray.

Financial Times

50 years ago

Chinese Engineering
At yesterday's meeting of Chinese Engineering and Mining, Mr. E.J. Nathan reviewed the period since the company's mines and properties in China were restored just over a year ago. Japanese occupation had slightly reduced efficiency, but the entire operation remained a "going concern," and was therefore capable of supplying the coal requirements of liberated areas. It was this organisation which, at about 8 o'clock on the morning of 8th December 1941 (Eastern time) the Japanese army "captured". The head office of the Administration situated in Tientsin was actually carried by assault by two lorry-loads of Japanese infantry who stormed the building, the staff in occupation at the time consisting of a few cleaners.

More Capital For Oil
The additional capital of the Iraq Petroleum Company, in which Anglo-Dutch, British, American and French interests are combined, is presumably required for the new pipelines to Haifa and Tripoli. The company, which is the second or third largest producer in the Middle East at the moment, is planning a considerable expansion in its output in the next few years.

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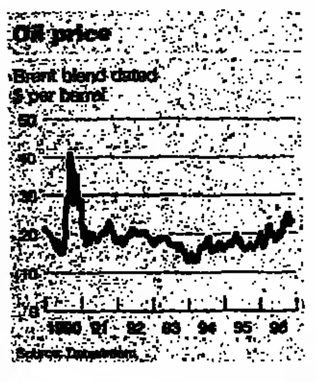
Oil price hit by prospect of new Iraqi exports

By Robert Corzine in Vienna



Oil prices weakened yesterday immediately after Turkish officials in Ankara announced that Iraqi oil could be flowing through the export pipeline to the port of Ceyhan by December 15.

The price of tha global benchmark Brent Blend for January delivery fell to $22.65 a barrel in late trading in London after opening at $22.80. The drop came after a Turkish official said that all remaining obstacles to the resumption of Iraqi exports onder the UN oil-for-food programme would be "removed in the next 15 days", after which the pipeline would be fully operational.

Iraqi officials attending yesterday's meeting of the Organisation of Petroleum Exporting Countries in Vienna were also upbeat about the prospects of Iraq's early return to world oil markets, more than six years after its invasion of Kuwait triggered a mandatory UN oil embargo.

Mr Osama al-Hiti, the senior Iraqi delegate, said oil exports could begin in "a matter of weeks". He said Iraq's delegation had met a number of international oil companies during the course of this week's Opec meeting for talks on possible oil sales.

But traders remained cautious about when Iraqi exports might hit tha market. They noted that a number of technical hurdles still had to be cleared before any sales could take place. In addition, the UN inspectors who would monitor the programme had not recsived the go-ahead to deploy to Iraq.

Opec delegates, who ended their meeting in Vienna yesterday by rolling over their present production ceiling of 25.03m b/d, were optimistic that Iraqi exports would not send oil prices plummeting.

One Gulf official said the market could "easily absorb" the ½m barrels or so a day that Iraq would be able to sell to meet the UN target.

Big Opec producers such as Saudi Arabia believe that strong world demand and tight supplies mean there will be room for an additional 600,000 b/d of Opec production next year. That would be in addition to the 25.7m b/d that the group is producing.

Gulf officials believa the resumption of Iraqi exports will not undermine what they see as a fundamental shift upwards in oil prices. They believe that crude oil has now moved to a new sustainable range of $20-$25 a barrel, compared with the $15-$25 band of recent years. They rejected suggestions that higher crude prices would fuel inflation in the large consuming countries.

Opec countries expect to reap a $30bn windfall from this year's rise in oil prices, up about 30 per cent on last year.

Oil output, Page 24

UK offers talks if IRA calls new ceasefire

By John Kampfner, Chief Political Correspondent

Mr John Major, the British prime minister, yesterday told Sinn Féin, the political wing of the Irish Republican Army, that an unequivocal IRA ceasefire would lead to immediate involvement in the Northern Ireland political process.

In a statement, Mr Major set out clear conditions for Sinn Féin re-entering the faltering multi-party talks when they resume in January. The UK government required not only a verbal declaration of an end to violence but also physical evidence, he said.

"If Sinn Féin want to join the talks, it is for the IRA to declare a restoration of their ceasefire in terms which are convincingly unequivocal, indicate the intention that the ceasefire should be lasting, and reflect commitment to exclusively peaceful means," said Mr Major.

Mr John Hume, leader of the moderate nationalist SDLP, whose efforts to mediate between the sides precipitated the government declaration, accused Mr Major of pandering to Unionists at Westminster.

Reaction from Sinn Féin was equally negative about the statement, and the Irish government warned Mr Major that it would "not accept any exclusion of Sinn Féin once these conditions are fulfilled".

Yet there were indications that some of the wording in the British document might have gone some way to meeting republican concerns and lead to a ceasefire that many officials believe is tantalisingly close.

The British statement did not give a timeframe for Sinn Féin's participation. That, it said, depended on words and deeds, such as an end to surveillance, targeting, and weapons preparation.

"We need to see an unequivocal restoration of the ceasefire and to make a credible judgment that it is lasting," it said.

The government suggested it was prepared to act more quickly to get Sinn Féin into the talks. The process would include

- meetings at official, and then ministerial, level to explore mutual "confidence-building" measures
- an invitation for joint talks with the British and Irish governments
- bilateral consultations with Northern Ireland's other parties, under joint government auspices
- assuming a successful outcome, an invitation to the chairman of the talks to invite Sinn Féin.

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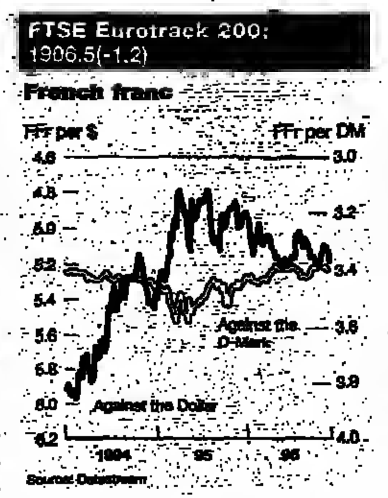
THE LEX COLUMN

Storming the franc fort



Given the state of the French economy, the surprise is that devaluation is not debated more often. So when not only a former French president but also council members of the Banque de France start openly speculating about the case for devaluation against the D-Mark, something is plainly afoot.

That "something", however, is most unlikely to be devaluation against the D-Mark. To abandon the *franc fort* now would be to jettison a decade of political commitment; and it would blow a large hole in the credibility of the Emu project. And French politicians are not under real pressure to take such a bold step; although they desperately need to do something about unemployment, the public has not by and large made the link to the currency. Most likely, devaluation would be seen as a stinging blow to national pride, not welcome relief from an economic straitjacket.

What the French are really after, presumably, is further devaluation of the D-Mark against the dollar, allowing the franc to drift down with it, preferably combined with yet lower interest rates. And with German opinion finely balanced over whether to allow the D-Mark to slip more, the threat of a unilateral franc devaluation serves an obvious purpose – to give its neighbour an incentive to play ball. Of course, it is a nuclear option; the Germans could always call the French bluff. But investors should consider a punt on the far more likely outcome that the French get their way.

Triple A ratings

The rapidly shrinking club of top-rated banks may be about to lose another member, now that Union Bank of Switzerland has joined Deutsche Bank on credit watch. But does it matter?

Traditionally, a triple A rating meant a much lower cost of funds. In today's more efficient markets the difference between triple A and double A plus, one step below, is a few basis points. The real jump in funding costs comes lower down the scale, as a bank slips from double A to single A. Similarly, a triple A rating was desirable for long-dated derivatives transactions. However, there are so few triple A banks left that borrowers have learned to make do with riskier counterparties. Conversely, there may be benefits in losing a triple A rating. A bank which retains too much capital to support a top rating will have an unnecessarily low return on equity. This argument, a favourite of UBS-critic Mr Martin Ebner, should not be overstated. There are other reasons for UBS's low profitability, such as the competitive Swiss market. HSBC, with even higher capital ratios, produces a return on equity of 27 per cent against UBS's 9.5 per cent, due to its exposure to Asia. And indeed, rating agencies look at competitive position as much as at financial ratios. But Mr Ebner does have a point. If the management is zealously protecting its triple A rating, it will distort the way it is running the bank. That is clearly not consistent with maximising shareholder value.

Thomson

Imagine for a moment that France wanted to protect its taxpayers. How then would it privatise Thomson? Certainly not by "selling" the electronics group to Lagardère for a symbolic FFr1. Factor in the debt write-offs and the deal will actually cost the taxpayer FFr11bn.

What then about the latest thinking from Alcatel, which lost the original bidding to Lagardère but is trying to get back into the game? It is suggesting the government recapitalises the heavily-indebted Thomson and merges it with Thomson-CSF, its partially-floated defence side. The state would then sell a minority stake in the merged group to Alcatel, which would assume management responsibility. A few years on, the government would sell its remaining stake, theoretically at a profit. This convoluted proposal may have political appeal, because it would not involve "selling" Thomson's consumer electronics business to Korea's Daewoo – the aspect of the Lagardère deal that has provoked such a backlash. But the financial advantages are unclear, and probably small; the state would have to take an even bigger upfront hit, with the benefits coming only if Alcatel was able to manage Thomson in a way that enhanced its value. The scheme would certainly not be as good for taxpayers as the simplest alternative: splitting Thomson's defence and consumer electronics businesses, which have no industrial synergy, and auctioning them separately. But then taxpayers' interests rarely come first in France.

MMC referrals

Mr Ian Lang, Britain's trade and industry secretary, is building up quite a record of surprising the market with decisions intended to protect competition. Yesterday's victims were P&O and Stena, whose plan to merge their channel ferry operations has been referred to the Monopolies and Mergers Commission. Of course, referring a deal is not the same as blocking it. And the odds on approval look pretty good. Whatever the authorities would ideally like, the market's dominant competitive force is a tunnel which in effect cannot go bust. And the ferries' returns are now so lousy that blocking a P&O/Stena merger would almost certainly result in one or other pulling out anyway. Naturally, regulators will have to keep an eye out to ensure a cartel does not develop. But they would need to do that anyway.

There is another company with more than a passing interest in Mr Lang's latest decision: British Airways. It too is waiting for a crucial competition ruling – on its plan to ally with American Airlines. And as before the P&O/Stena decision, there is a comforting consensus that no MMC inquiry will be needed. This may turn out to be correct. But if Mr Lang wants a searching MMC inquiry into the relatively clear-cut P&O/Stena proposal, there must be a reasonable chance he will want one into BA's far more complex and contentious plans. For BA's shareholders, an MMC referral need not be a disaster. But they should certainly not be surprised to be surprised.

Additional Lex comment on Emap, Page 21

Convertible yuan pledge

Continued from Page 1

central bank , China has been able to maintain the yuan at a level of Yn8.3 to tha dollar more or less continnously since May 1995.

One western official pointed out, however, that, in subscribing to the IMF's article VIII, China was accepting that reforms could not be reversed should a foreign exchange shortage arise.

China's success in maintaining both foreign investment flows and trade surpluses has meant that it has, if anything, had an excess supply of foreign exchange over the past two years.

Its foreign exchange reserves are among the highest in the world, and are expected to surpass $100bn by the end of the year.

Reuters

Continued from Page 1

report problems, at 6pm, was Standard Chartered. Later that evening, Jardine Fleming and NatWest Markets also began to experience difficulties.

The dealing room systems were partially fixed by the morning to allow trading to continue more or less as normal but it was not until the next day that they were restored to full operation.

On November 23, after Reuters checked with other clients, it discovered tampering at Crédit Agricole.

Lukoil pension fund takes 20% stake in Izvestia

By Chrystia Freeland in Moscow

The pension fund of Lukoil, Russia's biggest oil company, has acquired a stake of nearly 20 per cent in Izvestia, the country's leading national newspaper. Some brokers said the oil giant was angling for a larger share.

The deal has raised concerns that Izvestia, which has retained its independence from the powerful businesses which dominate Russian politica, could fall under Lukoil's influence.

Mr Igor Golembiovsky, the paper's editor, confirmed the stake had been purchased by Lukoil-Garant, the oil company's pension fund but insisted that Lukoil would not acquire a controlling stake.

He said 51 per cent of the daily remained in the hands of employees and management and that his priority was to protect the editorial independence of Izvestia, which has a daily circulation of 550,000.

However, a banker close to the deal said a company linked to Lukoil had acquired an additional 15 per cent stake in the newspaper from Mezbprombank, a struggling Russian bank, which bought the Izvestia shares when the paper was privatised.

That further purchase would give Lukoil the power to veto big decisions at Izvestia. Another participant in the transaction said Lukoil and its subsidiaries were also buying shares from small private investors in an effort to build a controlling stake.

"We are not willing to sell a controlling share," said Mr Golembiovsky, who has sought to keep a majority of the stock in the hands of workers and management. But he expected Lukoil to seek some political influence through its investment.

"I do not think we will lose our independence," Mr Golembiovsky said. "But we cannot rule out that they have political interests. They can put a representative on the board and they might try to use him to influence the paper."

Lukoil officials said they did not seek a controlling stake and that their investment in the cash-strapped newspaper was motivated solely by financial considerations.

"We do not see it as a political move but as a purely commercial move," said Mr Mikhail Berezhnoy, president of Lukoil-Garant. "We wanted to diversify our assets and it was prestigious to invest in such a widely read newspaper."

Lukoil and Izvestia are now finalising an ambitious investment project to establish an independent distribution network for the newspaper.

FT WEATHER GUIDE

Europe today

A complex front will bring rain and sleet as it enters the Benelux and north-western France. In the afternoon and evening, sleet and snow will spread into Germany and the western Alps.

Most of the UK will have sunny spells and showers. On high ground, some of the showers will be wintry.

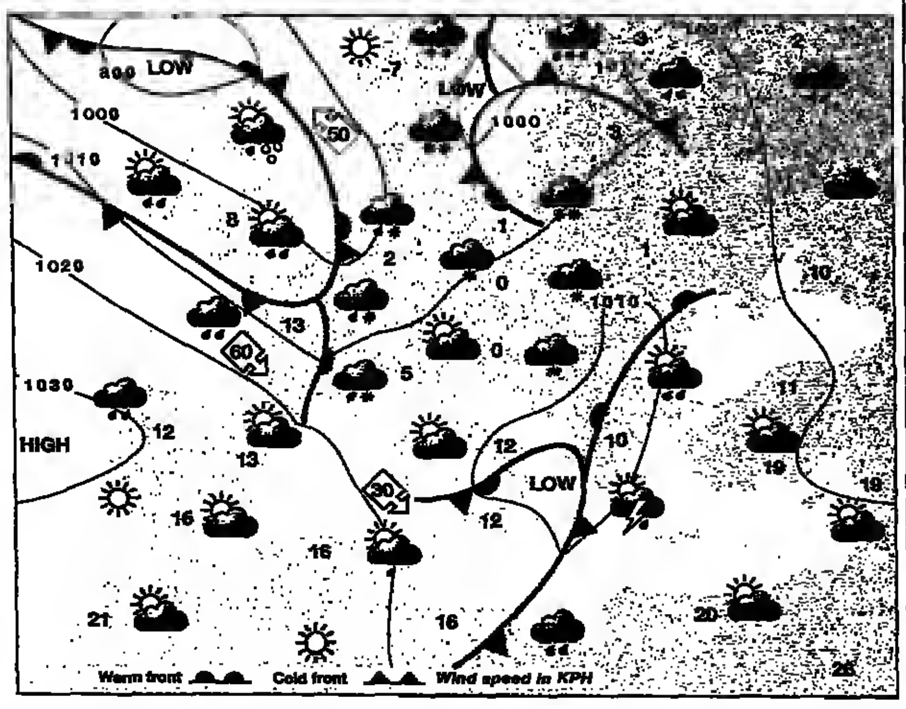
Towards Spain and Portugal, high pressure will bring mostly dry conditions with sunny periods.

The eastern Mediterranean and the Balkan states will continue to be unsettled with showers or periods of rain or snow.

Five-day forecast

Low pressure will continue across most of Europe, resulting in showers or rain for most regions.

Central and northern Europe will stay cold. In the north-western Alps, there will be heavy snow. Spain and Portugal will stay mostly dry and sunny.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius										
Abu Dhabi	fair 27	Beijing	sun 1	Caracas	shower 29	Faro	sun 17	Madrid	fair 13	Rangoon	fair 33
Accra	fair 32	Belfast	shower 7	Cardiff	shower 9	Frankfurt	snow 2	Majorca	fair 15	Reykjavik	fair 2
Algiers	fair 18	Belgrade	cloudy 3	Casablanca	fair 18	Geneva	sleet 3	Malta	shower 15	Rio	fair 27
Amsterdam	rain 7	Berlin	cloudy 2	Chicago	cloudy 7	Gibraltar	sun 18	Manchester	shower 6	Rome	fair 12
Athens	thund 17	Bermuda	drzzl 21	Cologne	sleet 4	Glasgow	fair 6	Manila	rain 31	S. Frsco	sun 16
Atlanta	cloudy 15	Bogota	fair 19	Dakar	sun 33	Hamburg	snow 2	Melbourne	rain 18	Seoul	cloudy 2
B. Aires	shower 26	Bombay	sun 34	Dallas	cloudy 13	Helsinki	rain 4	Mexico City	fair 21	Singapore	shower 31
B.ham	fair 9	Brussels	rain 7	Delhi	sun 25	Hong Kong	cloudy 23	Miami	fair 28	Stockholm	sleet 3
Bangkok	sun 34	Budapest	cloudy 2	Dubai	sun 27	Honolulu	fair 28	Milan	fair 5	Strasbourg	sleet 4
Barcelona	fair 13	C.hagen	snow 3	Dublin	fair 8	Istanbul	shower 17	Montreal	fair -3	Sydney	sun 27
		Cairo	sun 22	Dubrovnik	shower 10	Jakarta	shower 31	Moscow	rain 4	Tangier	sun 17
		Cape Town	cloudy 22	Edinburgh	hail 6	Jersey	rain 10	Munich	snow 2	Tel Aviv	sun 25
						Karachi	sun 27	Nairobi	fair 22	Tokyo	rain 14
						Kuwait	sun 23	Naples	fair 19	Toronto	cloudy 4
						L. Angeles	sun 21	Nassau	fair 27	Vancouver	rain 6
						Las Palmas	fair 22	New York	fair 7	Venice	fair 8
						Lima	sun 22	Nice	sun 13	Vienna	cloudy 3
						Lisbon	fair 15	Nicosia	fair 23	Warsaw	snow 1
						London	shower 9	Oslo	snow -4	Washington	sun 9
						Lux.bourg	snow 2	Paris	rain 10	Wellington	shower 15
						Lyon	sleet 4	Perth	sun 26	Winnipeg	ice -1
						Madeira	sun 19	Prague	snow 1	Zurich	snow -1

FINANCIAL TIMES

COMPANIES & MARKETS

Friday November 29 1996

IN BRIEF

Rumours rife on large Roche bid

Is Roche about to launch the biggest bid the pharmaceuticals industry has yet seen? If the stock market rumours are to be believed, the Swiss drugs company is raising SFr50bn ($38.7bn) of debt to add to its SFr7.5bn in net cash. With such a large war chest its target could be either Astra of Sweden or the UK's SmithKline Beecham. Page 18

Canadian Airlines upbeat on rescue plan
A rescue plan for Canadian Airlines International will be agreed within "a week from today", according to Mr Kevin Benson, chief executive of the ailing Calgary-based carrier. The airline extended to December 6 a deadline for six unions representing its 16,400 workers to agree to pay cuts. Page 20

World's largest gold find plagues Bre-X
Finding what is believed to be one of the world's richest gold finds in Indonesia has not been the lucky break Bre-X, the small Canadian exploration company that discovered it, hoped for. Numerous legal disputes followed, two of Indonesia's President Suharto's children were drawn into the affair, and the Indonesian government has moved to resolve the issue. Page 30

Wickes appoints chief executive
Wickes, the British builders merchant whose former senior management is under investigation by the UK's Serious Fraud Office, will today announce the appointment of a new chief executive. Mr Bill Grimsey will join the board immediately, replacing Mr Harry Sweetbaum, who resigned as chairman and chief executive in June after the discovery that profits had been overstated by a total of £51m ($85m). Page 21

Russian diamond 'leakage' hits De Beers
De Beers of South Africa, which controls about 60 per cent of world trade in rough or uncut diamonds, is having to cope with a big jump in unofficial diamond exports from Russia – up to $80m a month – and the likelihood that its proposed new exclusive marketing contract with that country will never be signed. Page 24

Companies in this issue

Market Statistics http://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Beiersdorf	72.95	+	1.95
Holzmann	370	+	11
Veba	90	+	0.92
Volkswagen	613	+	11.75
Falls			
Herlitz	171	-	4.5
Preussag	359	-	7
LONDON (Pence)			
Rises			
Lonrho Tst	776	+	115
Stagecoach	629	+	45½
UK Estates	28½	+	8
VTR	95	+	10
Falls			
BTL Incr	180	-	120
Melrose Energy	29½	-	10
TORONTO (C$)			
Rises			
Loblaw Tech	26.50	+	1.16
PC Docs Group	14.35	+	1.00
Falls			
Ballard Power	26.25	-	0.75
Intl Wallcovr	17.00	-	1.00
Methanex	23.00	-	1.75
Wescoe Group	44.50	-	1.50
PARIS (FFr)			
Rises			
Bancaire Cep	604	+	24
Credit Fonc.	71.50	+	7.50
Haya	354.30	+	22.40
Legrand	922	+	12
Valeo	319	+	8.40
Falls			
Accor	680	-	6
TOKYO (Yen)			
Rises			
Dowa Fire	568	-	12
Hattori Seiko	765	-	28
Jaccos Syselaj	359	-	41
Okamura-Sanit	737	-	23
Taisei	642	-	29
Tokai	701	-	15
HONG KONG (HK$)			
Rises			
Shanghai Ind	29.55	+	0.65
Wing Hang Bk	34.20	+	0.40
YGM Trading	6.80	+	0.30
Falls			
New Wid Dev	51.50	-	1.26
Swire Pac A	74.75	-	2.25
Tbet Intl	40.60	-	1.40
BANGKOK (Baht)			
Rises			
Bangkok Pb	24.75	+	1.75
Thai Cooling	13.00	+	0.75
Thai Brew	29.25	+	1.75
Falls			
Karat Sanitary	45.00	-	5.00
Mesh Exp & Prod	182.00	-	8.00
Post Publish	68.50	-	7.50

Toronto prices at 12.30. New York closed.

Highlands Gold group rejects hostile bid

Placer Dome criticised over 'inadequate' offer of A$420m for Pacific-based mining company

By Nikki Tait in Sydney

Highlands Gold, the Papua New Guinea-based gold mining group, yesterday rejected a hostile A$420m ($341.5m) offer from Placer Dome, the Canadian gold mining group, as "inadequate", saying it "significantly undervalues Highlands' long-term potential".

Placer's 75 cents-a-share cash offer on the Australian stock market followed a share raid late on Wednesday that had won the Canadian group around a third of Highlands' equity. These purchases were also made at 75 cents, a 29 per cent premium to the closing price of 58 cents that day.

Placer also announced a bid for the 24.6 per cent of Placer Pacific which it does not already own. Placer Pacific, which was floated in Australia in 1986, takes in gold mining interests in Australia, Papua New Guinea and Fiji. The offer is one Placer Dome share for every 15 Placer Pacific.

Yesterday, Highlands shares – 15 per cent of which are held in Papua New Guinea – closed in line with the bid price at 75 cents. Placer Pacific jumped 42 cents to A$1.85. The Canadian group said the value of the two transactions would be around US$800m.

Both Highlands and Placer Pacific hold 25 per cent interests in the large Porgera gold mine in Papua New Guinea which Placer manages. "We like Porgera – that's the biggest reason [for the deal]," said Mr John Willson, Placer Dome's chief executive. The bids, he added, were "a strong vote of confidence in this region and Papua New Guinea".

Mr Bill Belovay, an analyst at CIBC Wood Gundy in Toronto, said Placer's bids also reflected a desire to reap the benefits stemming from the higher valuation of gold producers in North American markets than in Australia. Placer Dome's reserves are valued at US$127 an ounce while those of Placer Pacific, which trades on the Australian stock exchange, are valued at $78 an ounce. Some analysts were curious about Placer's timing, suggesting the group might have delayed its move because of recent technical problems at Porgera. These contributed to a drop in gold production last year to 848,870 ounces compared with 1.03m ounces in 1994.

Production in the nine months to end-September this year was 604,814 ounces against 669,301 ounces last year.

But Mr Willson said the company had been interested in the deal for a long time. He acknowledged the recent difficulties but said that there was "obviously a feeling" among analysts who recently visited the mine "that we're through that". His view of Porgera was that it was now a "more mature" mine, lacking high grades but capable of producing steadily for many years.

Highlands also has two significant exploration projects – a copper/gold project at Frieda River in the north-west of Papua New Guinea, and the Ramu nickel-cobalt discovery, west of Madang – and has actively been seeking partners to develop these.

Mr Willson was more ambivaleot about prospects for these projects.

Lucky strike soured by mining politics, Page 20

Lufthansa sees 10% decline in profits this year

By Andrew Fisher in Frankfurt

Lufthansa, the German national airline, expects profits this year to be at least 10 per cent lower than in 1995 but is hoping for a marked recovery in 1997, Mr Klaus Schlede, the finance director, said yesterday.

The statement marks a retreat from the company's forecast, made in July, that it would match 1995 profits. Analysts said then that they felt this was too optimistic.

The airline announced a pre-tax profits decline for the first nine months of 14 per cent to DM434m ($289m), with performance held down by the poor second quarter. At the half-way stage, the airline's profits were down 37 per cent to DM118m.

The profit for the third quarter alone was DM315m, a decline of DM2m over last year. The shares rose 12 pfennigs, or 0.6 per cent, to DM19.87.

This year's performance has been hit by higher fuel costs. These rose 18 per cent, in the January-September period, to DM1.3bn, with kerosene prices at their highest since the Kuwait crisis of 1991. Labour costs rose 8.6 per cent to DM4.3bn, reflecting higher pension reserves and restructuring costs.

Losses on freight business were an additional burden. Mr Jürgen Weber, chairman, said freight would continue to be in the red next year after losses totalling DM68m in the first nine months of 1996 but would return to profit in 1998. The airline cited low prices at a time of over-capacity as the main reason for the cargo division's problems. But business was improving and it was now levying a 15-pfennig fuel surcharge on each kilogram of freight.

Mr Weber said the fourth quarter had begun well but profits would depend very much on whether it could reach a pay deal with DAG, the white collar trade union.

Yet even if Lufthansa did match last year's fourth-quarter profit of DM250m, this would not be enough to make up for the earlier downturn, Mr Schlede said. "Overall, the best we could do would be a decline of 10 per cent." In 1995, pre-tax profits were DM756m, up 3 per cent.

Mr Weber said the airline was continuing its cost-cutting and productivity efforts and intended to step up services to Asian destinations. It would revamp its intercontinental fleet with a programme costing at least DM10bn.

As part of its goal of cutting costs by DM1.5bn, it had identified savings of DM800m to be achieved by 1999, he said. Lufthansa's Programme 15 is aimed at lowering unit costs by 20 per cent up to 2000. Lufthansa's turnover in the first nine months of this year was 6.5 per cent higher at DM15bn.

See World Stocks

Vintage stuff: a Paris dealer carefully holds bottles of Chateau d'Yquem, arguably the best white wine in the world Photograph: AP

LVMH claims d'Yquem takeover

By Andrew Jack in Paris and Roderick Oram in London

LVMH, the French luxury goods group, yesterday claimed it had taken control of Chateau d'Yquem, sparking a bitter dispute among shareholders of one of the world's most renowned vineyards.

In a short statement, LVMH, which already owns such brands as Hennessy cognac and Moët et Chandon champagne, said it had acquired a 55 per cent stake in d'Yquem, based in Bordeaux, in a deal which would value the 110 hectare vineyard at about FFr1bn ($190m).

Famed for making only "one glass of wine per vine" because of its painstaking methods, d'Yquem produces some 80,000 bottles a year of arguably the best white wine in the world. An 1865 bottle sold for £5,280 ($8,810) in September and even a recent vintage of the sweet dessert wine fetches at least £150 a bottle.

LVMH's claim was swiftly denied by Chateau d'Yquem itself. Mr Pierre-Yves Angier, one of the company's executives in Bordeaux, said: "I am astonished by this announcement from a company quoted on the stock market which I thought had a serious reputation. It is not true."

His comments reflected considerable tensions among the more than 50 d'Yquem shareholders, some from the family which has controlled the chateau since 1785.

LVMH said it had bought shares from 40 investors, including the Marquis Eugène de Lur-Saluces, which would allow it to guarantee the development of d'Yquem.

However, among those who refused to sell was the Comte Alexandre de Lur-Saluces, who runs the chateau, and who issued a statement during a trip in the Far East yesterday expressing his surprise and arguing that the deal had not been completed.

Mr Angier said that LVMH had not gone through the necessary legal procedures to acquire the shares, including notifying existing investors who he said had pre-emption rights to buy any stake before it was offered to an outsider.

Observer, Page 13

Angry De Benedetti warns of crisis risk at Olivetti

By John Simkins in Milan

Mr Carlo De Benedetti, former chairman of Olivetti, the troubled Italian information technology company, yesterday told parliamentary deputies that clients and investors were distancing themselves from the company because of "the distrust, the investigations and the denigration".

"We run the risk of transforming a situation which is difficult but manageable and capable of being resolved, into a crisis without means of exit," he said.

Mr De Benedetti told a hearing in Italy's lower house of parliament that he had stayed silent for four months while *"secchiate di merda"* had been heaped on him.

Mr De Benedetti, who is blamed for having misled investors over the performance of Olivetti, which made a first-half pre-tax loss of L440bn ($293m), was replaced as chairman in September by Mr Antonio Tesone. His family remains the largest shareholder in Olivetti, controlling 15 per cent through the holding company, Cir, but he has indicated that he might be willing to sell the stake.

Olivetti had its financial problems, said Mr De Benedetti, "but it has a sound structure because it is rich in technological skills, vision and innovation". He said he was convinced it could find its feet again and he defended the company's decision to focus on telecommunications and systems and services.

The company is aiming to dispose of assets totalling L800bn by the end of the year to reduce debt but has admitted it is not certain that sale of the loss-making personal computer division – a central plank of this programme – can be achieved by then.

Mr De Benedetti's testimony, on the last day of the hearings, came as prospects receded of a formal parliamentary commission of inquiry into Olivetti. The Forza Italia party, the nucleus of the rightwing opposition, said it was freezing, but not withdrawing, its demand for a commission because it did not wish to take a "punitive" stance towards the company.

However, it added that more light needed to be thrown on Olivetti's strategic plan for emerging from its crisis.

British Gas losses doubled

By Jane Martinson

British Gas disappointed the market yesterday as it announced a £294m provision against potential losses on long-term supply contracts.

The charges deepened net losses to £364m on a historic cost basis in the third quarter, compared with £181m in the same period last year. Shares fell 3p to 218p. Ms Irene Himona, oil analyst at Société Générale Strauss Turnbull, said: "Just as you thought it was safe to get back in, they come up with this huge exceptional charge."

British Gas made the provision to offset losses on three long-term contracts to supply gas through the interconnector to continental Europe and through sales to Scottish Hydro Electric. The amount reflects the expected difference between the cost to the company of its "take-or-pay" contracts, signed when gas was more expensive, and income expected from the contracts.

The group is still renegotiating the take-or-pay contracts made with some 36 North Sea gas suppliers. SBC Warburg, the investment bank, has estimated total cost to the group of the contracts at £1.3bn.

Mr Philip Hampton, finance director, said the new supply contracts made an "important contribution to the take-or-pay position" by selling some of the group's surplus gas.

The group announced last February that it was to separate British Gas Energy, its supply business, from Transco, the distribution network currently subject to a regulatory price review, by the spring. There has been speculation that details of the demerger will come as early as next week, but the group said yesterday that details would come "in due course".

An exceptional charge of £10m was made in the period to cover advisers' fees for the demerger. After cutting 31,000 jobs in the past three years, the group said a further review at the year-end could lead to further job cuts, although they would be far fewer.

British Gas sales rose 28 per cent to £1.43bn, against £1.11bn, in the three months to September 30, as a result of colder weather.

Unfashionable Bayer promises considered restructure

The chemicals and drugs group insists its approach will deliver more for investors than the radical reshaping at rival Hoechst

A relationship that has held true for more than 25 years has been turned on its head this month: the German stock market is now rating Hoechst above Bayer.

The reversal is painful for the German chemicals and drugs conglomerata, which has held pole position for as long as anyone can remember. But Mr Manfred Schneider, Bayer chairman, is on the defensive.

He acknowledges Bayer is "out of fashion". Bot he insists the pendulum will swing. Ultimately, Bayer's "considered" approach will deliver more for shareholders than the strategic radicalism unfolding at Hoechst.

In the past, this approach has allowed Bayer to build its reputation as the finest of Germany'e three largeet chemical companies through an emphasis on pharmaceuticals over bulk chemicals. It has also allowed it to avoid the swings in profitability that have plagued Hoechst and BASF.

However, recent moves by Hoechst to reshape its businesses using strict financial criteria, and separate them with a viaw to initial public offerings, has highlighted the degree to which Bayer remains moulded by its past.

BASF, Bayer and Hoechst all trace their origins to IG Farben, Germany's first chamicals conglomerate. Built around huge German sites, they heve provided jobs for life, shed very few businesses and offered minimal financial transparency.

As Hoechst hreaks with this history, Bayer's image as the most vibrant of the three is being shaken by talk of its torpor in responding to international competition.

Mr Schneider insists the group will address this through a restructuring, due to be implemented oo January 1. This will involva reclassifying some divisions and giving board directors responsibility for individual divisions. In spite of this, Bayer remains an unrepentant conglomerate.

Bayer's aim, says Mr Schneider, is to become the world's leading integrated chemicals and pharmaceuticals company. The claims in this month'e newsletter to shareholders – that the restructuring would lay the foundation for this leadership bid – may appear bold. The changes seem, at first glance, relatively small: Bayer's German marketing activities for pharmaceuticals and chemicals will be separated, and the group's 21 businesses are being reclaseified into five divisions, rather than six.

Mr Schneider has also redefined the core husinesses. In January, members of the group's board of management will be given a new function as business representatives for each of the group'a divisions. A key part of the new job, the group says, will be to support the board in strategically aligning Bayer's businesses.

Until now, Bayer has used acquisitions to expand and few moves to exit ailing businesses or sell neglected ones. The new emphasis will mean more of both.

The group now aims to "align its portfolio by acquiring new business activities and divesting thoee that no longer fit its strategic objectives".

An expert in chemical business disposals confirms the shift in emphasis, reporting that in recent weeks Bayer has begun reviewing its businesses with a view to selling off non-core assets and boosting others.

"We estimate Bayer is about three years hehind Hoechst in the whole process," he says, "but it has now begun."

The group remains emphatic, however, that it is not playing catch-up with Hoechst. It has no plans to follow its rival in splitting its pharmaceutical and chemical businesses. The tax charges involved would he prohibitive, claims Mr Helmut Loehr, finance director.

Mr Schneider points to other reasons for not following Hoechst's lead. There would be more "red tape" involved in duplicating functions within free-standing operations than in running parallel activities as a single administrative entity.

He insists there are synergies to be realised through integration: not necessarily between the polymers business and the drugs business, but through applying chemical and biological breakthroughs across the board.

He argues, too, for the benefits of risk-sharing. "Pharmaceuticals will not continue to deliver returns of 20 per cent for ever," he says. "The industry is under tremendous pressure, and the time will come when shareholders will be grateful for a spread of businesses across chemicals."

In the meantime, the clear priority will be improving operational efficiency.

Last year, at the peak of the chemicals industry cycle, it recorded an operating margin of 10 per cent and a return on equity of 14 per cent. However, the margin on 65 per cent of its sales was around 5 per cent, with the total lifted by the drugs and agrochemicals husinesses, which eccounted for one-third of sales, and two-thirds of profits.

Mr Schneider aims to lift the total operating margin to 15 per cent and return on equity to 20 per cent by 2001.

Strategically, the picture is less focused. Bayer will remain integratad, and it will be more profitable: there is nnthing alse the group wishes to communicate.

This leaves shareholders forced to judge the comparative atrength of Bayer's approach in a debate that is weighted by the far greater transparency at Hoechst.

Symptomatic is Mr Schneider's willingness, when faced with questions on bow he plans to achieve his targets, to call on shareholders to have faith in the determination of the management. "It is for us to decide how we meet these targets," he says.

As one Bayer employee puts it: "The trouble is, we are still being asked to see through a glass darkly." Mr Schneider is unconcerned. In time, the Bayer way will prove itself, he says. And be is, undoubtedly, very determined.

Jenny Luesby

Fortis profits ahead 18% at nine months

By Gordon Cramb in Amsterdam

Fortis, the Belgian-Dutch insurance group, lifted nine-month net profits 18 per cent to Ecu554m ($699m) and has further increased its forecast for the full year.

The group said yesterday that "barring unforeseen circumstances and sharp fluctuations in exchange rates it is expecting an increase of betweeo 12 and 15 per cent in its net profit for the whole of 1996." Profits reached Ecu531m last year.

Fortis AG and Fortis Amev, the Brussels and Amsterdam listed parents, each said that earnings per share would improve by at least 10 per ceot. At the interim stage they had been slightly more cautious, projecting 1996 growth of 7 per cent or more.

For the first three quarters, Fortis Amev had earnings per share of Fl 3.33 compared with Fl 2.89 while its Belgian counterpart turned in BFr266 against BFr231. Figures for 1995 were adjusted to reflect capital changes.

In Belgium the ASLK-CGER and AG 1824 divisions contributed to a 4 per cent rise in the insurance operating result to Ecu198m, although the former unit encountered declining demand for savings-linked life policies. Belgian banking activities provided a 25 per cent jump in operating income to Ecu332m, attributed to improved net interest income, higher commissioo income and continued cost control.

The operating result of the Dutch insurance business grew 19 per ceot to Ecu184m, although extra provisions were required to cover accident and health claims. Provisions were also made for restructuring foreign exchange operations on its banking side in the Netherlands, and for general risks related to the growth of its corporate credit division. These cut operating earnings 8 per cent to Ecu67m.

US operations contributed 11 per cent more at Ecu79m in spite of a dip in life business. Australia was another market which did well.

Worldwide, gross premium income was up nearly 8 per cent at Ecu2.59bn for life business, with a 2 per cent rise in accident and health to Ecu1.48bn and a 3 per cent improvement in other non-life business to Ecu1.80bn. In banking, net interest income was up a sixth at Ecu1.17bn but net commissioo income was flat at Ecu134m.

Separately, the group also said this month that Mr Herman Verwilst would take over as chief executive of Fortis Belgium from January, succeeding Mr Valère Croes. Mr Verwilst, aged 49, is currently chairman of ASLK-CGER.

Disposals bolster Israeli bank result

By Judy Dempsey in Jerusalem

Bank Hapoalim, Israel's largest bank, yesterday reported an 8.2 per cent rise in net income for the first nine months, fuelled largely by its subsidiaries and the sale of holdings in non-financial companies.

But operating and other income, after provisions for bad debts, slipped 1.6 per cent from Shk1.65bn to Shk1.53bn ($466m).

Net return on equity was 12.7 per cent, similar to the same period last year. Earnings per share rose from Shk0.51 to Shk0.55.

Net income increased from Shk624m to Shk675m over the nine months after surging Shk74m in the third quarter, from Shk189m last year to Shk263m, mainly because of seasonally adjusted interest rates that are linked to the consumer prices index.

But improving financial margins were offset by higher provisions for bad debts. These increased from Shk639m to Shk695m over the nine months and were markedly higher for the third quarter, rising from Shk194m to Shk267m.

"Provisions for bad debts are high compared with the industry," said Mr Keith Phillips, Israel analyst at Société Générale Strauss Turnhull. "However, there is a greater effort at cost control."

Lack of demand scuppers Savio float

By John Simkins in Milan

The planned flotation yesterday of an Italian textile machinery company on the country's stock market was called off at the last minute when foreign investors showed insufficient demand for the shares.

The decision by Savio to pull the issue is believed to be the first time an Italian flotation has failed to go ahead because of difficulties in book-building, rather than because of unfavourable market conditions.

It has brought embarrassment to the joint global co-ordinators – Banca Commerciale Italiana (BCI) and J. Henry Schroder.

Savio had intended to float 12.4m ordinary shares – 48 per cent of its capital – at between L8,600 and L9,300 a share.

Although there was demand for the issue within Italy, foreign institutions, especially in the UK, showed a lack of interest at that price range.

Savio was reluctant to go ahead at a lower price and signalled on Wednesday that it would postpone the issue rather than see it flop and the price fall.

"Foreign investors are understood to have been sceptical about prospects for Savio's income, given that the company, based at Pordenone, in northern Italy, sells much of its output abroad and might be affected by the recent strengthening of the lira.

They may also not have been impressed by the first-half net profits of L2.5bn ($1.6m) which did not take into account the fact that Savio's production was largely seasonal and concentrated in the last quarter. Full-year net profits in 1995 were L8.6bn.

"It was certainly embarrassing, but it would have been much more embarrassing if the issue had gone ahead and the price had fallen," said a source close to the operation.

Savio was privatised by Eni, the state energy group, last year and is 25.1 per cent owned by BCI.

A closed fund, Investitori Associati Uno, has 35 per cent and Savio's management holds 23 per cent.

Businessmen in the Pordenone area have the remaining 16.7 per cent.

A further attempt at a listing is intended but is likely to have to wait until the full 1996 results have been published.

Elpo points the way for Polish textiles

As it comes to market, the jeans maker is looking towards own-brand products

Growing labour costs in the Polish textile industry are threatening a source of revenue which has enabled much of the sector to survive both the post-1989 loss of the Soviet market and fierce competition from cheaper Asian products.

That source is "outworking", the process whereby clients from western Europe provide designs and materials but take advantage of lower-cost eastern European labour.

While labour costs in Poland's textile industry are still at one-third of German levels, Polish textile workers are not only 15 per cent more expensive than Romanians and Russians, bot are also edging above the costs of Czechs, Turks and Slovaks.

Some small Polish producers have already begum to offer "outwork" themselves to India and China.

Now Elpo, once the country's only producer of jeans – later reduced to outworking contracts for three quarters of its annual output of 1m garments – is taking advantage of a current rush of interest from Polish retail investors in initial public offerings on the Warsaw Stock Exchange.

This week's flotation will provide important pointers for an industry whose ootworking contracts for the German market, for example, have grown from DM657m in 1990 to DM2.2bn ($1.44bn) last year.

Elpo, based in Legnica in south-western Poland, predicts it will generate sales of 13.7m zlotys ($4.7m) this year and a net profit of 1.3m zlotys.

The group was privatised three years ago through a leasing arrangement between the state treasury and the 500 staff. The employees, who invested about $250,000 in the business, are now offering 60,000 new shares at a price of 22 zlotys.

The money raised will be spent on new equipment, as well as on distributing and marketing the company'e own "Masters" brand.

As a result Elpo, whose offer has beeo underwritten by the Powszechny Bank Gospodarczy in Lodz, plans to increase the proportion of its domestic sales from 25 per cent to 40 per cent.

It predicts that earnings per share should rise from about 1.72 zlotys this year to 3.27 zlotys in 1998.

These plans present a challenge to the company led by Mr Kazimierz Brzezinski, a 41-year-old computer specialist who came to Elpo at its low point in 1991.

Competition on the domestic market comes from well known lower-cost brands such as Montana, Mustang and Germany's HIS, which Elpo itself produces.

Higher up the market, it competes with Levi Strauss, whose production facility in Plock, central Poland, makes 3m pairs of jeans a year. It recently announced it had sold one million pairs locally.

Elpo, which promises a market capitalisation of around 16m zlotys once the current offer is completed, will be one of the smaller companies traded on the WSE.

However, much of the growth in the bourse, which will soon offer more than 100 stocks, is coming from such small companies, which will succeed or fail according to the skill of managements hindered by lack of capital.

Much of the growth seen on the Warsaw bourse is coming from small companies such as Elpo, whose success depends on the skill of managements hindered by lack of capital

Christopher Bobinski

Deutsche Telekom, Kirch hold cable talks

By Raymond Snoddy

Mr Ron Sommer, chairman of Deutsche Telekom, said yesterday the company was holding negotiations with the Kirch group on the use of its cable networks to carry digital television channels.

DF1, the Kirch digital satellite service launched in July, has been struggling to win subscribers, and access to the German cable networks is vital to its financial progress.

DF1 is believed to have signed up fewer than 30,000 subscribers compared with a target of 200,000 by the end of the year.

Deutsche Telakom's cable network is the biggest in the world with around 16.2m households connected.

Mr Sommer told journalists in Bonn that Deutsche Telekom was in negotiations not only with Kirch but with all channel providers, sucb as the pnblic servica broadcasters ARD and ZDF.

But ha warned yesterday that Telekom's cable network was "not a motorway that could be driven down for free.

"We have an obligation to our shareboldera to make the cable business profitahle," Mr Sommer said.

DF1 is already broadcasting 17 channels of television and has plans to increase this as the market for digital televiaion expands.

British Sky Broadcasting has an agreement to take a 49 per cent stake in DF1, although apparently not all details of the deal have yet been finalised. A husiness plan is now being produced.

BSkyB is keen to control the large minority atake in DF1 because of what it regards as tha importanca of the German market.

A number of American studios are believed to hava expressed interest in taking small stakes in the German digital service.

An agreemant to carry DF1 channels on cable networks as well as by satellite could transform the prospects of the business and make it more attractive to potential investors.

One of Kirch's strengths is that it controls most of the feature film rights for the German market.

Disputes over Premiere, the original subscription channel in the German market, in which Kirch has a minority stake, have yet to be resolved.

Roche bid rumours thrive on thin pickings

Is Roche about to launch the biggest bid the pharmaceuticals industry has yet seen?

If the stock market speculation is to be believed, the Swiss drugs company is raising SFr50bn ($38.74hn) of debt to add to its SFr7.5hn in net cash. With sucb a war chest its target could he either Astra of Sweden, wbose shares rose SKr7 to SKr321.5 yesterday, or the UK's SmithKline Beecham, up 51½p to 830½p in the past two days.

There may be no evidence yet for the fund-raising, but the rumours have some rational basis. As well as Roche's ability to raise large amounts of cash, the company has a problem to solve: sales growth for its existing products is set to slow from about 10 per cent this year to zero by 2000.

And its top management may have been piqued by the merger announced earlier this year of its Basle rivals, Ciba and Sandoz. The deal will form the world's second largest pharmaceuticals company by turnover – far exceeding Roche's sales.

Moreover, such a move would fit in with the worldwide restructuring of the pharmaceuticals industry that has involved more than $100bn of mergers and acquisition over the past three years.

Sucb rumours are not new. For the past 18 months Roche has been subject to sporadic stock market talk that it was ba abont to launch the "big bid".

Tha usual target mentioned was Zeneca, the UK pharmaceuticals company whose market value has reached almost £16hn ($26.8bn), partly as a result of bid speculation. But one European pbarmaceuticals company chief executive last week ruled out Zeneca as a hid target on the grounds that "it is 50 per cent too expensive".

Neither SmithKline Beecham nor Astra has a bid premium attacbed to its share price, and executives from both companies yesterday denied they had been spproached by Roche.

Analysts and drugs industry executives were also sceptical. Mr Nigel Barnes, pharmacenticals analyst at Merrill Lynch in London said: "Nothing that the company has been doing recently suggests any preparations for a large bid".

One Swiss-based executive said that even if Roche's financial ontlook were worse, a hostile bid would be contrary to the company culture, although "if Roche were offered something and the price were right then they would buy it".

That echoes the view of Mr Fritz Gerber, Roche chairman. This year he said that while nothing was ruled out, hostile hids were not Roche's style, even though in 1988 it did launch an unsuccessful bid for Sterling, the US drugs group. Nor did Mr Gerber see a merger as the way forward. Rather, ha suggested agreed purchases or assets swaps with other companies were possible. Licensing the right to sell drugs was another possibility.

He added that no company preparing a large bid would telegraph its intention by raising SFr50hn in one go.

Fritz Gerber (right) with a German journalist: hostile bids not Roche's style

UK company Glaxo disguised its preparations for its £9.1bn bid for Wellcome in January 1995 by securing promises of up to 10 £1bn loans from 10 different financial institutions.

Besides, Roche's difficulties may be more apparent than real. A research report this month from Merrill Lynch says that the fall in sales growth of existing prodncts should be more than matched by growth in new products. Likely new launches include Xenical for obesity – one of the fastest growing drug markets – and insulin growth factor for diabetes, one of the western world's most expensive diseases.

But rumours of Roche's intentions are likely to persist. In the week before Glaxo launched its bid, several industry analysts declared it impossible.

"Now you can suggest a deal between just about any two pharmaceuticals companies and no one will say it's not possible," one London pharmaceuticals analyst said.

A more cynical view came from the Swiss executive. "You have to ask where all the rumours are coming from. I suggest you look no further than the City of London."

Daniel Green

UBS adopts a prudent approach to cost-cuts

Switzerland's most powerful bank has taken the axe to its loan book rather than its branch network

It is rare indeed for a banker to admit that his bank had made a mistake and virtually impossible to remember a Swiss banker ever making such a confession. It was therefore a surprise on Tuesday to hear Mr Mathis Cabiallavetta, the new chief executive of Union Bank of Switzerland, admit that Switzerland's most powerful bank had made serious mistakes in its lending decisions.

UBS, whose arrogance has often irked competitors and customers alike, has always portrayed itself as the most prudent of Switzerland's big banks. It is one of the few global concerns to retain a Triple-A credit rating and over the past five years, as Switzerland's economic problems have mounted, it has consistently set aside proportionately lower loan-loss provisions than its rivals.

Analysts who dared query the UBS approach were reminded that the need for lower provisions reflected its more conservative approach to lending.

However, this week Mr Cabiallavetta announced that UBS was taking a special SFr3bn ($2.3bn) charge, in addition to this year's SFr1.4bn provision to clean up its loan portfolio. The problem loans are concentrated in the bank's domestic portfolio and reflect the effects of six years of economic stagnation in Switzerland. "We did not assess the risks properly and made mistakes when granting loans," Mr Cabiallavetta admitted.

UBS is the first big Swiss bank to make such an admission. In September, Swiss Bank Corporation, the smallest of the big three, took a SFr3.3bn charge. But this was mainly to cover branch closures, redundancies and an intellectual change in the approach to provisioning, rather than an admission that there had been a fundamental deterioration in the quality of its loan portfolio.

Credit Suisse, which has the biggest domestic Swiss business, has yet to disclose whether its domestic loan problems deserve special treatment.

Mr Cabiallavetta's decision to take an axe to UBS's domestic loan book, rather than its domestic branch structure, has not gone down well with the stock market. For a start, the move revealed that the quality of UBS's domestic loans were worse than expected. In addition, Mr Cabiallavetta has been far less aggressive in two other areas where bankers like to show off.

His target of a 12 per cent return on equity by 1999 is in marked contrast to the 15 per cent plus which Credit Suisse and Swiss Bank Corporation are aiming at. Meanwhile, the closure of 30 small branches and a reduction of less than 4 per cent of the Swiss workforce was far less radical than the measures announced by its rivals.

In terms of the domestic network, UBS did not need to make the same savage cuts as its bloated competitors. In the first half of 1996 its total operating expenses were less than those of Credit Suisse and SBC. After the latest cuts it will have 265 domestic outlets, which compares with about 250 apiece of the other two banks. It could have cut deeper into its domestic workforce of 21,000, but it is not much out of line with its competitors.

The stock market may be upset that Mr Cabiallavetta sees no need to slash the UBS payroll. But he is one of an increasingly rare breed of banker who believes that winning the support of the workforce for tough measures is just as important as winning the short-term plaudits of the stock market.

The vast bulk of the UBS job cuts will come from breaking up the Zurich head office and removing one layer of regional management. By contrast, only 75 jobs will be shed at the frontline branch level.

Mr Hans Kaufmann, of Bank Julius Baer, unlike many analysts, believes that Mr Cabiallavetta has got his priorities right. Increasing the profitability of Swiss domestic lending will contribute "significantly more to future profits" than staff cuts and branch closures. It has also gone almost unnoticed that Tuesday's announcement included a commitment to trim the size of UBS's international loan book, where margins have fallen 40 per cent over the past couple of years.

UBS no longer seems to harbour the same grandiose international ambitions as Credit Suisse, which wants to become "one of the small elite of global financial service providers by the year 2000". It is not seeking to emulate Goldman Sachs or Merrill Lynch. Straight international lending will in future be reserved for clients with whom UBS wants to build a relationship. Mr Cabiallavetta talks of the need to pin-point "interesting niche activities".

These sorts of comments suggest that Mr Cabiallavetta may have his feet more firmly fixed on the ground than some of his predecessors. Even after the cutbacks, UBS's equity of SFr21.5bn towers above that of Credit Suisse (SFr17.5bn) and SBC (SFr11.7bn).

By 1998 it should be earning more than SFr3bn a year. Admittedly, this will still equal a return of only about 12 per cent on equity. But better to aim at a sustainable target than risk the group's credit standing by trying to match the stock market's latest whim of the acceptable rate of return for an international bank.

William Hall

Swiss banks: credit risks

Provision for as per cent of loans

	UBS	Swiss Bank Corp	Credit Suisse*
1990	0.17	[illegible]	[illegible]
1991	0.86	0.65	n/a
1992	0.70	[illegible]	[illegible]
1993	0.86	1.52	1.18
1994	0.33	[illegible]	[illegible]
1995	0.71	0.74	0.74

Source: Bank Julius Baer

The big three in Switzerland*

	Staff	Branches
UBS	[illegible]	[illegible]
Credit Suisse	20,340	250
Swiss Bank Corp	[illegible]	[illegible]

Source: FT research. * Swiss network, after the cutbacks

EUROPEAN NEWS DIGEST

Philips to close Italian TV plant

Philips, the Dutch electronics group, is to close a factory making television sets in Italy as part of a Fl 800m ($495.7m) restructuring of its sound and vision unit announced in July. The company said yesterday that manufacturing would stop at the Monza plant in mid-1997, while jobs would also be cut at Bruges, Belgium and Dreux, France. Employment in the three centres is to be halved to 1,400.

Bruges would be a development centre for higher-value sets, with a dedicated manufacturing site, while Dreux would become a final-assembly centre for western Europe "with a limited development capacity for the regional adaptations of global product platforms".

The job cuts follow 900 redundancies previously announced at audio and video recorder facilities in Germany, Belgium and Austria, and another 1,350 in marketing, research and development, and administration across Europe. Philips is also seeking to spin off TV manufacturing in the US, where 1,500 are employed in Tennessee. *Gordon Cramb, Amsterdam*

Eni shuns mobile contest

Eni, the Italian energy group, has "little" interest in participating in the forthcoming bid for Italy's third mobile phone operating licence, according to Mr Franco Bernabe, managing director. Eni's lack of interest was partly attributed to the difficulties it was having in concluding its fixed telephone agreement with British Telecommunications, because of the uncertainty surrounding the regulation of alternative telecoms networks, Mr Bernabè said.

"Alternative networks are like UFOs – they have no legal status, and this puts us in the worst of all possible worlds," he said. *AFX News, Milan*

Minority support for Skandia

Small shareholders in Skandia, Sweden's leading insurer, have pledged support for its attempt to merge with Stadshypotek, the country's largest mortgage bank, to create Scandinavia's biggest financial services group. The shareholders, representing around 5 per cent of Skandia's capital, said the tie-up would create a group with "financial strength, a good own cash flow and improved revenue generating ability".

Pohjola, the Finnish insurer, which is the largest single holder of Skandia stock with a 10.5 per cent stake, has already backed the merger. Skandia said yesterday it believed the tie-up had majority support among shareholders. More than 80 per cent of its stock is held by foreign interests.

The Swedish government holds a 34 per cent stake in Stadshypotek which is due to be auctioned. Skandia's merger proposal is to be considered alongside other bids. Nordbanken, the Swedish commercial bank, confirmed it had been invited to join the auction. *Greg McIvor, Stockholm*

S American boost by Repsol

Mr Alfonso Cortina, chairman of Repsol, the Spanish oil group, said the company planned to invest about Pta1,600bn ($12.45bn) over the next five years in South America and in its exploration and production activities.

Speaking at an energy conference, Mr Cortina said that with the ever narrowing margins for the oil companies in the domestic market, Repsol was now focusing on growth possibilities in other sectors and in other geographical areas with clear potential, such as South America and North Africa.

He said there was tremendous competition in Spain, as far as the petroleum market was concerned, with over 30 companies with service stations which are offering petrol prices below the European average. "The gross margin for the sector has been declining in nominal terms since 1990," Mr Cortina said, adding that this had had a significant negative impact on oil companies results. *AFX News, Madrid*

Ina hints at bid delay

Istituto Nazionale Assicurazioni (Ina), the Italian insurance group, has hinted that it might not present a binding offer for Banco di Napoli by the December 2 deadline for the first round of offers, Corriere della Sera, the daily newspaper, reported.

One broker said this did not mean that Ina had decided not to make an offer for Banco di Napoli, only that the whole operation might be postponed. Ina, in conjunction with Banca Nazionale del Lavoro, officially expressed its interest in Banco di Napoli last week and is examining the Neapolitan bank's accounts. *AFX News, Milan*

GAN clears sell-off hurdle

GAN, the French insurance group, has signed a contract finalising the sale of its Transcontinentale de Réassurance unit to Canada's Fairfax for FFr700m ($135.1m). Completion of the sale is subject to official approval for the transfer of the reinsurance company to the private sector. *AFX News, Paris*

Vattenfall edges ahead

Vattenfall, the Swedish energy company, reported a rise in operating income after net financial items and before taxes and minorities to SKr3.38bn ($505.9m) for the first nine months, compared with SKr3.25bn in the same period last year. *AFX News, Stockholm*

Comments and press releases about international companies coverage can be sent by e-mail to international.companies@ft.com.

COMPANIES AND FINANCE: ASIA-PACIFIC

Samsung loses chance to play rescuer

The prospect that Samsung Aerospace would take over Fokker, dashed yesterday when administrators to the Dutch aircraft maker ended the rescue talks, had long been frayed by growing differences in South Korea about how to finance the venture.

The Korean government had encouraged Samsung to acquire Fokker as part of a state-sponsored programme to create one of the world's 10 biggest aerospace industries in the next decade.

Just hours before the news that Short Brothers would no longer supply wings for Fokker aircraft, precipitating the Dutch group's administrators to break off rescue attempts, the South Korean Ministry of Trade, Industry and Energy had said Fokker would provide crucial technology to the development of the country's aircraft industry.

But Samsung officials have long had doubts about the large financial commitment involved in reviving Fokker.

On top of the estimated $150m purchase price, Samsung would have had to invest at least $500m-$600m to restore Fokker. Also, the development of a new medium-sized airliner with Fokker could have cost as much as $2bn.

Such a heavy financial burden would have come at a bad time for the Samsung group.

Earnings from its semiconductor business, the main cash cow, have fallen sharply this year because of the slump in global prices for memory chips.

Other Samsung businesses, including shipbuilding and chemicals, do not generate large profits, while Samsung is spending $5bn to begin passenger car manufacturing by 1998.

Although the Dutch government had offered an estimated $300m to support Samsung's takeover of Fokker and keep aircraft development and manufacturing in the Netherlands, Samsung was also seeking financial support from the Korean government.

But Korean officials were reluctant to offer large amounts of state financial aid to Samsung. Instead, they supported a plan under which Samsung would have formed a consortium of Korean aerospace companies to share the costs of managing Fokker, with possible loans from the government.

A similar consortium headed by Samsung and including Daewoo, Hyundai and Korean Air was formed in 1994 to participate in a state-supported Korean-Chinese project to develop a medium-sized passenger aircraft for Asia.

The programme collapsed in June over disagreements between Beijing and Seoul, which prompted Samsung to renew a bid for Fokker.

But talks to form a new consortium for Fokker broke down last week when Daewoo, Hyundai and Korean Air expressed concerns about the commercial risks.

They said Fokker was likely to remain unprofitable because the global market for regional aircraft was crowded.

In addition, many of Fokker's engineering staff had left the company, reducing Fokker's value as a technical partner.

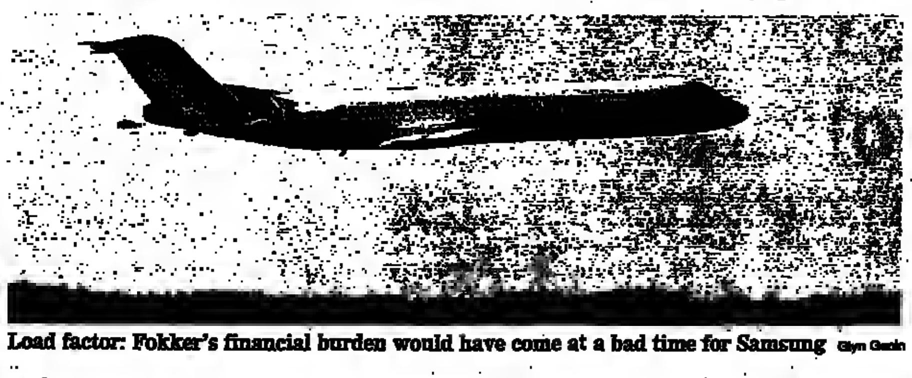
Hyundai was reluctant to take part because Fokker would have competed against the McDonnell Douglas MD-95 project, in which Hyundai has a $1.2bn contract to produce wings and other parts.

The doubts reflected a belief that the Korean government was forcing the aerospace companies into a consortium that would have mainly benefited Samsung, leaving them with only a secondary role.

Samsung is regarded in the Korean aerospace industry as being favoured by the government to achieve dominance in the sector.

Besides being selected to help lead the aborted Sino-Korean aircraft project, Samsung Aerospace is the main contractor to assemble F-16 combat fighters and new helicopters for the Korean military.

John Burton



Load factor: Fokker's financial burden would have come at a bad time for Samsung Glyn Genin

MAS in plan to increase fares 3%

By James Kynge in Kuala Lumpur

Malaysian Airline Systems, the country's national carrier, has proposed lifting its international air fares 3 per cent to offset increased fuel charges and lift the company's flagging earnings performance.

The airline is free to raise its international fares, as only domestic fares are controlled by the government.

MAS blamed higher fuel costs and a small outbreak of cholera in a Malaysian city earlier this year for an 11.1 per cent fall in interim net profit to M$137.11m (US$54.3m).

The group's profit before tax and minority interests for the six months to September 30 rose 3.7 per cent to M$155.3m, while operating profit was 2.9 per cent higher at M$154.437m.

Analysts said that although higher global fuel costs squeezed the company's profit margins, the results also revealed less transient problems.

The overall load factor fell 5.8 per cent to 59.1 per cent, with the passenger load factor dropping 2.6 per cent and cargo load factor falling 10.1 per cent, to 69.2 per cent and 56 per cent respectively.

"The falling load factors cannot be explained by a small outbreak of cholera alone," said one local analyst. "It appears that regional competition is taking its toll."

Analysts predicted that despite the falling net profit, the company would still be able to meet the considerable service charges on a total group debt estimated at M$6.8bn.

If fuel costs ease in the second half as expected, the airline's profit performance is also likely to pick up.

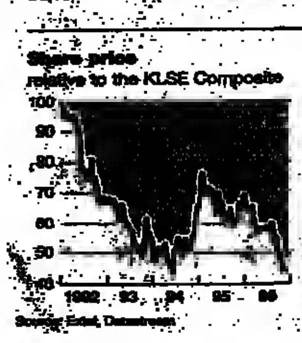
Mr Tajudin Ramli, MAS chairman, has repeatedly denied speculation that he might have to sell his controlling stake in the airline if the debt servicing burden becomes too heavy.

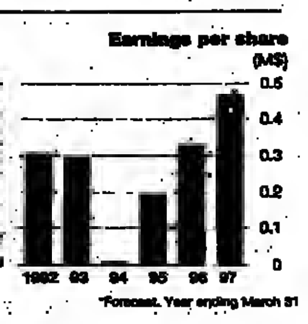
PROFILE
MALAYSIAN AIRLINES

Market value: $2bn Main listing: Kuala Lumpur

Historic P/E	13.78
Gross yield	1.15%
Earnings per share	M$0.33
Current share price	M$6.55m

Tajudin Ramli, Chairman





Source: Datastream

Midway surge at State Bank of India

By Tony Tassell in Bombay

State Bank of India, the country's largest commercial bank, has shrugged off mixed economic conditions to post a 178 per cent surge in first-half net profit to Rs6.4bn ($179.2m).

Analysts said the sharp rise was in line with expectations and would provide some solace for the stock market after an otherwise disappointing interim reporting season.

"Despite all the concerns about a slowing economy and reduced credit demand in India, the bank has turned in a very strong performance," said Mr S. R. Krishan, analyst with brokers Peregrine India.

Analysts said the SBI increase had been driven by a lift in interest income on higher lending rates in the first half, while operating costs had been restrained.

Mr Prasanna Someshwar, analyst with Crosby Securities, said the rate rises had been indicated by an increase in the bank's prime lending rate to 16.5 per cent in the first half from 15.5 to 16 per cent last year.

Combined with an 11 per cent increase in outstanding loans from the first half last year, this saw interest income rise 24 per cent to Rs74.14bn.

At the same time, operating expenditure rose by only 4.69 per cent, leading to a fall in the expense-to-income ratio from 59.94 per cent to 55.57 per cent.

Deposits grew 9.65 per cent, while total provisions for tax, depreciation of investment and non-performing assets slipped marginally from Rs11.02bn to Rs10.66bn.

In spite of the strong results, mixed conditions in the Indian economy have started to affect the bank, say analysts. Outstanding loans fell 4.13 per cent from March 30.

SBI's interest income in the second half will also be affected by cuts in prime lending rates, to 14.5 per cent since September. Analysts said, however, the second half was traditionally stronger for the bank and it would gain from increased "other income" following its $369m global deposit receipt issue in October, the largest by an Indian company.

The market expects full-year net profits of Rs13bn-Rs14bn compared with Rs8.31bn last year.

In after-hours unofficial trading following the results statement SBI shares rose R2 to R221.

New trading facility at ASX

The Australian Stock Exchange is to introduce a facility for trading large blocks of securities early in the New Year, in an effort to meet the needs of institutional investors, writes Nikki Tait in Sydney.

"The rapid growth of the global institutional investment sector has generated pressure for new trading methods which minimise the market impact of large orders," said Mr Richard Humphry, managing director.

Initially, the ASX envisages a "weighted price auction" being conducted for a 15-minute period each day after normal trading closes. All overlapping bids and offers for a security will be executed using a single weighted average price.

However, it is also looking at ways of operating an anonymous market, which would allow share parcels to be bought and sold at a fixed price at a certain point in time, such as the price at the market's close or the weighted auction price. Such a move would require regulatory approval, and the ASX says it is unlikely to be offered before mid-1997.

Banks bow to Malaysia Inc

Country's biggest financial merger forces industry rethink

Malaysia's government has for some years been battling to force a consolidation in the country's overcrowded banking industry.

There appear to be few economic reasons why local banks would wish to merge. Business has rarely been better for even the smallest of the 37 banks serving a population of 20m. The national savings rate, at 38 per cent, is among the highest in the world. Loans have grown 28.5 per cent so far this year and the spreads between borrowing and lending rates on retail business can be more than 2 percentage points.

The announcement this week, therefore, of Malaysia's biggest banking merger showed the influence the government can wield through what it calls "Malaysia Inc", a complex web of relationships which binds businessmen to politicians.

The authorities now hope the merger between Malaysia's leading stockbroker, Rashid Hussain, and two important banks will trigger similar link-ups. The central bank regards such consolidation as vital if Malaysian banks are to compete with Asia's heavyweights by the time the domestic industry is liberalised in the first few years of next century.

In the past, observers have doubted that any wave of mergers would occur. But now analysts are looking at banking shares with new interest.

"[It will] be very difficult for small banks to exist in a future where competition is going to be a lot fiercer and where the sophistications of the financial world are greater," said Mr Rashid Hussain, executive chairman of the stockbroking firm.

In the past, observers have been sceptical that any wave of mergers would occur – now banking executives are revising conventional wisdom

Rashid Hussain bought a 75 per cent stake in Kwong Yik Bank for M$2.16bn (US$857m) and injected it into its affiliate bank, DCB Holdings, to create a financial group with assets of M$32bn.

Some merger talks are already under way. Hock Hua Bank, a family-owned bank in the state of Sabah on Borneo island, is in negotiations to sell a 51 stake in its subsidiary, Hock Hua Bank Sabah, to two Malaysian companies. Earlier this year, Pacific Bank and the Malaysian unit of the Singapore-based Oversea-Chinese Banking Corporation began talks to create what would probably be the fifth-largest bank in Malaysia.

The consolidation drive is largely motivated by Dr Mahathir Mohamad, the prime minister. In September, he berated domestic banks for not doing enough to help Malaysian corporations develop and expand overseas. He urged the industry to emulate the alliances which Japanese banks formed with large corporations after the war.

"[Japanese] banks took equity stakes in the Japanese industrial enterprises. Their representatives sat on the boards ... earnings were invariably ploughed back for expansion and diversification," Dr Mahathir said.

Observers say such alliances are likely to become more common. An integral part of the Rashid Hussain merger was the increased shareholding of Malaysian Resources Corporation (MRCB), a property and publishing conglomerate with close government ties, in the merged entity. MRCB has a 27 per cent stake in the new conglomerate; just less than the 30 per cent holding of Mr Rashid and his family.

Sime Darby, Malaysia's largest conglomerate, acquired United Malayan Banking Corporation last year. Since then, Sime has spoken of a possible merger between UMBC and unspecified financial companies.

There are incentives for smaller banks to merge. Analysts say the premiums earned by the first banks to enter into merger agreements will be larger than those gained by latecomers. For example, Kwong Yik was bought for a premium of 27 per cent above the last traded price of its shares.

But there are pressures, too. The central bank has in effect ruled that "second tier" banks with shareholders' funds of less than M$500m may not act as brokers for securities futures contracts. Restrictions were placed on expansion and many think a ban on their opening new branches is imminent.

James Kynge

Top Malaysian banks

Total assets	M$ bn
Bank Bumiputra	36.5
Public Bank	22.8

Source: Company reports

CITICORP

U.S.$350,000,000

Subordinated Floating Rate Notes Due November 27, 2035

Notice is hereby given that the Rate of Interest has been fixed at 5.475% in respect of the Original Notes and 5.5625% in respect of the Enhancement Notes, and that the interest payable on the relevant Interest Payment Date December 31, 1996 against Coupon No. 133 in respect of US$10,000 nominal of the Notes will be US$48.67 in respect of the Original Notes and US$49.44 in respect of the Enhancement Notes.

U.S.$500,000,000

Subordinated Floating Rate Notes Due October 25, 2005

Notice is hereby given that the Rate of Interest has been fixed at 5.475% and that the interest payable on the relevant Interest Payment Date December 31, 1996 against Coupon No. 134 in respect of US$10,000 nominal of the Notes will be US$48.67.

U.S.$500,000,000

Subordinated Floating Rate Notes Due January 30, 1998

Notice is hereby given that the Rate of Interest has been fixed at 5.45% and that the interest payable on the relevant Interest Payment Date December 31, 1996 against Coupon No. 131 in respect of US$10,000 nominal of the Notes will be US$48.44.

U.S.$350,000,000

Subordinated Floating Rate Notes Due August 14, 2011

Notice is hereby given that the Rate of Interest has been fixed at 5.625% and that the interest payable on the relevant Interest Payment Date February 28, 1997 against Coupon No. 42 in respect of US$10,000 nominal of the Notes will be US$142.19, and in respect of US$250,000 nominal of the Notes will be US$3,554.69.

U.S.$500,000,000

Subordinated Floating Rate Notes Due May 28, 1998

Notice is hereby given that the Rate of Interest has been fixed at 5.625% and that the interest payable on the relevant Interest Payment Date February 28, 1997 against Coupon No. 43 in respect of US$10,000 nominal of the Notes will be US$142.19, and in respect of US$250,000 nominal of the Notes will be US$3,554.69.

November 29, 1996
By: Citibank, N.A. (Corporate Agency & Trust), Agent Bank **CITIBANK**

BTM (Curaçao) Holdings N.V.
(formerly Bank of Tokyo (Curaçao) Holding N.V.)
U.S. $100,000,000
GUARANTEED FLOATING RATE NOTES DUE 1997

Payment of the principal of, and interest on, the Notes is unconditionally guaranteed by

The Bank of Tokyo-Mitsubishi, Ltd.
(Kabushiki Kaisha Tokyo-Mitsubishi Ginko)
(formerly The Bank of Tokyo, Ltd.)
(formerly Kabushiki Kaisha Tokyo Ginko)

In accordance with the provisions of the Agent Bank Agreement between Bank of Tokyo (Curaçao) Holding N.V., The Bank of Tokyo, Ltd., and Citibank, N.A., dated November 27, 1985, notice is hereby given that the Rate of Interest has been fixed at 5.7% p.a. and that the interest payable on the relevant Interest Payment Date, February 28, 1997, against Coupon No. 45 will be US$144.08.

November 29, 1996, London
By: Citibank, N.A. (Corporate Agency and Trust), Agent Bank **CITIBANK**

National Westminster Bank
(Incorporated in England with limited liability)
US$ 500,000,000 Primary Capital FRNs (Series "C")

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from November 28, 1996 to February 28, 1997 the Notes will carry an Interest Rate of 5.625% per annum.

The interest payable on the relevant Interest Payment Date, February 28, 1997 against Coupon No. 45 will be US$ 142.19 per US$ 10,000 principal amount of Note and US$ 1,421.88 per US$ 100,000 principal amount of Note.

The Agent Bank
Kredietbank S.A. Luxembourgeoise

NOTICE TO HOLDERS OF

Southeast Banking Corporation

U.S. $75,000,000 Floating Rate Subordinated Notes Due 1996
U.S. $75,000,000 Floating Rate Subordinated Capital Notes Due 1997
$50,000,000 6 1/2% Convertible Subordinated Capital Notes Due 1999
(collectively, the "Notes")

First Trust of New York, National Association, a national banking association with its principal place of business in New York, New York ("First Trust") is the successor trustee for the Notes described above. Southeast Banking Corporation ("Southeast" or the "Debtor") is the debtor on the Notes and is also a debtor in a Chapter 7 bankruptcy case pending in the United States Bankruptcy Court for the Southern District of Florida (the "Court") as Case No. 91-14561-BKC-PGH. William A. Brandt, Jr. continues to serve as the Chapter 7 trustee ("Chapter 7 Trustee") for the Estate of Southeast. The purpose of this communication is to advise you of certain actions being taken in Southeast's bankruptcy case by certain holders of Notes ("Noteholders") and of certain requests that have been made to First Trust by certain Noteholders.

As a preliminary matter, Noteholders are hereby advised that First Trust is holding no funds and has not received any indemnity or any offer of indemnity or security to reimburse it for the incurring of costs and expenses. Under the terms of the governing indentures, First Trust is not obligated to take action that would cause it to incur personal liability.

Elliot Associates, L.P., Westgate International, L.P., Tribeca Investments LLC, M.D. Sass Associates, Inc. as general partner or on behalf of its advisory clients, Roger Smith and Heine Securities on behalf of its advisory clients (collectively, the "Movants") have filed with the Court a Motion for Order Directing Interim Distribution after Establishment of Reasonable Reserves for Administrative Expenses and Disputed Claims (the "Motion for Distribution"). The hearing on the Motion for Distribution has been scheduled for Monday, December 2, 1996, at 9:30 a.m. before the Honorable Paul G. Hyman, United States Bankruptcy Judge at the United States Bankruptcy Court, 299 East Broward Boulevard, Courtroom 308, Fort Lauderdale, Florida.

In The Motion for Distribution the Movants assert ownership of certain of the Notes and certain subordinated notes that were issued by Southeast pursuant to indentures dated October 15, 1972 and March 15, 1989, respectively, for which Bank of New York is acting as indenture trustee (the Notes and the subordinated notes issued pursuant to the indentures dated October 15, 1972 and March 15, 1989, respectively, are hereinafter referred to collectively as the "Subordinated Securities"). The Movants do not specify in the Motion for Distribution the percentage of their ownership of any particular issue of subordinated notes, but assert ownership of approximately 52.2% of all such outstanding Subordinated Securities.

Pursuant to the Motion for Distribution the Movants are seeking an Order

"(i) authorizing and directing the [Chapter 7 Trustee] to make an interim distribution (the "Interim Distribution") directly to the record holders of the [Subordinate Securities] after establishing an adequate reserve for disputed claims and for administrative expenses, less an amount to be paid by the [Chapter 7 Trustee] to the Indenture Trustees under the [Subordinate Securities] in reimbursement of their costs and expenses as agreed upon or as established by the Court;

(ii) determining that the [Chapter 7 Trustee], the Debtor's estate, and the Indenture Trustees for the Subordinated Securities, in good faith, may rely upon the Court's order authorizing and directing the Interim Distribution without any further liability in respect thereof if the [summary judgement entered by the Court in the case In re Southeast Banking Corp., 188 B.R. 452 (Bankr. S.D. Fla. 1995)] is subsequently reversed; and

(iii) granting such other relief as the Court may deem just and proper."

As described in the Notion for Distribution, as of January 10, 1996, the Chapter 7 Trustee held approximately $44.1 million that was available for distribution to unsecured creditors, including the holders of Subordinated Securities. Also as described in the Motion for Distribution, the Chapter 7 Trustee has decided to make no distributions to creditors until all appeals relating to the summary judgment entered by the Court in the case In re Southeast Banking Corp. are exhausted.

The case In re Southeast Banking Corp. concerns the litigation brought by Gabriel Capital, L.P., a holder of senior indebtedness issued by Southeast pursuant to an indenture dated March 1, 1983 (the "Senior Debentures") and by the indenture trustee for the Senior Debentures, The Chase Manhattan Bank (formerly, Chemical Bank) seeking payment of post-petition interest, interest on interest and reimbursement of ettorneys' fees and costs from distributions otherwise payable to holders of Subordinated Securities, including the Notes (the "Intercreditor Litigation"). On August 8, 1995, the Court entered a summary judgement thet holders of the Senior Debentures (i) were not entitled to post-petition interest, interest on interest and attorneys' fees and costs, but (ii) were entitled to pre-petition ettorneys' fees and costs. Appeal of the decision is now pending before the District Court for the District of Florida. It is likely that a further appeal will be made to the Eleventh Circuit following a decision by the District Court for the District of Florida.

In response to the Motion for Distribution, the Chapter 7 Trustee is undertaking discovery, including a request for production of documents from each moving party concerning such party's financial condition and ability to provide collateral, security or bond or other assurance to the Chapter 7 Trustee for repayment to the estate of any distribution paid to the moving parties, with interest on such distribution, in the event that the Motion for Distribution is initially granted and is later vacated, modified or reversed by any court of competent jurisdiction. The Chapter 7 Trustee has informed First Trust that "it is impossible for the [Chapter 7] Trustee to make a distribution at this time" because of the uncertainty of the ultimate entitlement of the proceeds of e distribution. The Chapter 7 Trustee has informed First Trust that if ordered to make a distribution, he would make such distribution by remitting funds to the indenture trustees for the Subordinated Securities for distribution by them of such funds to the holders of such funds to the holders of those Securities.

The Chase Manhattan Bank (formerly Chemical Bank), as trustee for the Senior Debentures, opposes the Motion for Distribution and has filed a Motion (i) To Establish Briefing Schedule With Respect To Motion For Order Directing Interim Distribution After Establishment Of Reasonable Reserves For Administrative Expenses And Disputed Claims and (ii) For Continuance Of December 2, 1996 Hearing. It is possible thet the hearing on the Motion for Distribution will be continued to a later date.

By this notice First Trust is advising the Noteholders of First Trust's position with respect to the pending Motion for Distribution. First Trust has been edvised by counsel that if holders of Senior Debentures, instead of seeking to recover funds from Noteholders, made claims directly on First Trust pursuant to the Notes indenture subordination provisions for repayment of funds First Trust received from the Chapter 7 Trustee and distributed to Noteholders, then unless and until a final, non-appealable order is entered compelling the distribution of monies from the estate and protecting the recipients thereof from claims by the holders of the Senior Debentures or a final, non-appealable order is entered upholding the decision of the Court in the Intercreditor Litigation, there would be a material risk that an order to the effect of thet requested pursuant to clause (ii) of the Movants prayer for relief (see above) would not shield the Trustee from liability claims of Senior Debentureholders. Accordingly, unless directed and adequately indemnified by the Noteholders, First Trust will not affirmatively support or join the Motion for Distribution. Further, First Trust will oppose entry of any order (a) compelling distribution through First Trust or (b) compelling direct distribution to Noteholders by the Chapter 7 Trustee without providing for (i) payment of all fees, costs and expenses of First Trust as contemplated by the governing indentures and (ii) appropriate procedures to ensure that all payments to Noteholders are properly accounted for, including, without limitation, submission of notes to either First Trust or the Chapter 7 Trustee and notation thereon of all payments made.

Certain Noteholders also have requested First Trust to take certain actions in response to the Chapter 7 Trustee's handling of certain litigation on behalf of the estate of Southeast. The Chapter 7 Trustee is pursuing claims against, among others, former officers and directors of Southeast in consolidated action and also is pursuing claims against the Federal Deposit Insurance Corporation (the "FDIC") including Southeast Bank, that were subsidiaries of Southeast. (This action against the FDIC is separate from another lawsuit brought by the Chapter 7 Trustee against the FDIC seeking distribution to the Southeast's bankruptcy estate of alleged surplus assets held by the FDIC that would be payable to Southeast as the sole shareholder of Southeast Bank.) There is pending before the Honorable Edward B. Davis, United States District Judge, a Report and Recommendation dated June 25, 1996 made by Barry L. Garber, United States Magistrate Judge, pursuant to which, among other things, Magistrate Judge Garber recommends a dismissal of the pending actions against officers and directors as a result of alleged misconduct by the Chapter 7 Trustee and his counsel. (Report and Recommendation in In Re Southeast Banking Corporation Securities and Loan Loss Reserve Litigation, MDL Dkt. No. 1000, United States District Court, Southern District of Florida.)

Although not entirely clear, the request appears to be that First Trust intervene and file some type of pleading with the District Court seeking, in lieu of dismissal of the case egainst former Southeast officers and directors, replacement of the Chapter 7 Trustee in prosecuting that case. Such action likely would require motions to and an order from the Bankruptcy Court as well as the District Court and would require extensive investigation into the facts, and major research regarding the existence of legal support for such replacement of the Chapter 7 Trustee in only one part of the Southeast bankruptcy recovery efforts. Pursuing such action would result in First Trust incurring very substantial expenses for the preparation of pleadings and the presentation to the Bankruptcy Court and the District Court, including legal research, when any positive outcome is very uncertain. Pursuant to First Trust's rights under the governing indentures, all such expenses must be paid by Noteholders or from any distribution that is made from the Bankruptcy liquidstion to Noteholders. In light of the uncertain outcome and large potential costs, First Trust will not intervene with the District Court in this matter unless directed and idemnified to do so by holders of a majority of the outstanding principal of the Notes.

First Trust of New York, National Association

Dated: November 22, 1996

Canadian Airlines upbeat on rescue plan

By Bernard Simon in Toronto

Mr Kevin Benson, chief executive of Canadian Airlines International, said yesterday he was "very confident" that a rescue plan for the ailing Calgary-based carrier could be agreed within the next week.

The airline yesterday extended to December 6 a deadline for six unions representing its 16,400 workers to agree to pay cuts.

The centrepiece of its initial proposal was an across-the-board 10 per cent pay cut. Under the plan now taking shape however, a sliding scale of rollbacks will be put in place with an average cut of about 5 per cent and no change for workers earning less than C$23,000 a year.

Two unions, representing 6,300 flight attendants and ticket agents, have so far rejected any wage concessions but are under strong pressure to back down.

Canadian Airlines, which has racked up losses of C$1.25bn (US$929m) over the past five years and has debts of C$2.8bn, warned earlier this month it would be unable to continue flying beyond next January without a financial and operational restructuring.

The federal government and the provinces of Alberta and British Columbia, where most of the airline's operations are based, have agreed to fuel tax rebates totalling C$35m, and to extended loan repayments.

To avoid showing favouritism, the tax rebates would also be available to other airlines in financial difficulty.

AMR, parent of American Airlines, which has a 33 per cent stake in the Canadian carrier, would reduce the fees it charges for marketing, reservations and other services by C$48m a year, or about one-third.

The restructuring also requires the approval of Canadian Airlines' creditors, who are due to meet this weekend.

As part of the plan, the airline would shrink its domestic services in favour of lucrative trans-Pacific and US-Canada routes.

Canadian Airlines' shares gained 10 cents to C$2.25 in early trading yesterday.

Lucky strike soured by mining politics

When Bre-X, a small Canadian exploration company, found what is widely believed to be one of the world's richest gold finds in Indonesia, it is unlikely to have expected the gold rush that would follow.

Until 1994, the company was a Calgary-based penny stock with annual revenues of about C$100,000 (US$74,000). Besides a licence to explore for gold at Busang on Kalimantan, the Indonesian part of Borneo, it had little more than a handful of exploration properties with uncertain prospects.

Bre-X's gold find should have been a lucky break. But, as one analyst puts it, the small exploration company with little expertise in the hurly-burly world of international mining politics, was out of its depth as soon as it struck gold.

Numerous legal disputes followed, two of President Suharto's children were drawn into the affair, and the Indonesian government has taken steps to resolve the issue that have set a worrying precedent for the rest of Indonesia's mining sector and may well sour the atmosphere for future investments.

Facing a claim for 40 per cent of the Busang gold deposit from Mr Jusuf Merukh, an Indonesian businessman with wide interests in the mining sector who already has partial ownership of the Busang mine, Bre-X enlisted President Suharto's eldest son, Mr Sigit Harjojudanto, as a consultant for a total fee of US$40m, to clear the way for an essential government permit – known as a contract of work – to allow it to mine the deposit.

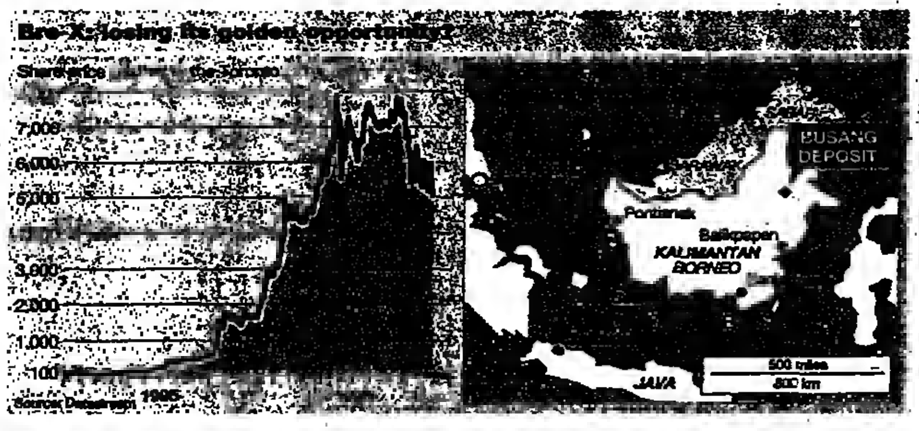
Meantime, Bre-X had indicated that it was willing to sell a large chunk of its Busang stake to a mining group with the expertise and financial muscle to bring it to production.

But things did not work out as planned. The government effectively ordered Bre-X to finalise a joint venture for the mine's exploitation with Barrick Gold of Canada, the world's biggest gold producer outside South Africa, in which Bre-X would hold a 25 per cent stake and Barrick a 75 per cent stake. That, the government said, must be finalised by December 4 or the authorities would "take necessary steps to prevent a delay" in the mine's development.

Several companies expressed interest in working with Bre-X, and Jakarta-based mining executives say Barrick was not Bre-X's first choice. But the Canadian mining company jumped the queue by teaming up with President Suharto's eldest daughter, Mrs Siti Hardijanti Rukmana.

Also, Barrick has wide contacts and an "advisory" board including Mr George Bush, former US president, Mr Karl-Otto Pöhl, ex-Bundesbank chairman, and Mr Brian Mulroney, former Canadian prime minister.

While it is not new for foreign companies entering Indonesia to team up with presidential family members to guarantee their business, the move is unusual in the mining sector.



The precedent the Bre-X affair sets for the allocation of contracts of work is of equal concern. Although there is no law in Indonesia that an exploration company will automatically be given the right to mine its discoveries, it has been customary for a contract of work to follow.

"The real fear for people in the industry as a whole is that the Bre-X case implies the process of awarding contracts of work is permeable, that anyone can jump into it at any time if they've got the dollars and political backing," says a US mining company official.

There are over 100 contracts of work in the mining sector awaiting renewal and no-one is quite sure what the fall-out from the Bre-X affair will be.

Bre-X's own strategy is open to question. "They didn't build up relationships with the government early enough and keep them abreast of how things were progressing," says Mr Dave Thomas, analyst at Griffiths McBurney & Partners, a Toronto securities firm, who expressed surprise that Bre-X made no effort to introduce Indonesian government officials or other contacts to a group of North American analysts who visited Busang last July.

Mr David Walsh, Bre-X chief executive and controlling shareholder, has a chequered background in investment management and junior mining finance. His wife Jeanette is the company secretary and the company itself owes much of its success to Mr John Felderhof, a Canadian geologist who lives in Indonesia and is credited with having a hand in the discovery of Ok Tedi, the big copper and gold mine in Papua New Guinea.

Mr Felderhof persuaded Mr Walsh to invest in Indonesia in 1993 on the grounds that metal prices were low and, in Mr Walsh's words, "because no-one was there". Bre-X, which bought its initial stake in Busang three years ago for C$100,000, now has a market value of C$4.8bn. Uncertainty over Bre-X's involvement in the Busang property has sent the company's shares plummeting and left a trail of irate minority shareholders in its wake.

Even if Bre-X finalises a joint venture with Barrick before the government-imposed deadline, it remains unclear what its stake will be. The Indonesian government has said it would "appreciate" a 10 per cent stake in the project (it holds a 10 per cent stake in Freeport's gold and copper mine in Irian Jaya) but whether that portion will come from Bre-X or Barrick is not clear.

Manuela Saragosa and Bernard Simon

Galicia targets wealthier provinces

By David Pilling in Buenos Aires

Banco Galicia's purchase of a stake in regional bank Sudecor is another step in its expansion into the provincial banking sector in Argentina, traditionally dominated by state-owned and co-operative banks.

Ms Teresa Pascual, a spokeswoman for Galicia, one of the two largest private banks in Argentina, said: "The Sudecor deal is part of our strategy to move into Argentina's richer provinces where we think there is a tremendous potential to increase banking services."

The bank, which paid $31m for a 48 per cent stake in Sudecor on Wednesday, already has provincial credit-card operations in Córdoba and Santa Fé.

The deal is part of a consolidation of the banking sector that was triggered by the Mexican devaluation of December 1994. Since January 1995, the number of banks has fallen from 166 to fewer than 130.

Under the deal, Galicia has a two-year option to increase its stake to 75 per cent in Sudecor, which will maintain its separate identity. Sudecor has 80 branches, mainly in the traditionally prosperous Córdoba province, and Argentina's agricultural heartland of Santa Fé.

Mr Christopher Ecclestone of brokers Interacciones in Buenos Aires said: "Galicia should have done this earlier. At last they are doing some real banking instead of just playing in the bond markets."

"There is a general trend of expanding into the interior of the country given the inefficiencies of the public banks," said Mr Daniel Tassan-Din, head of research at Deutsche Morgan Grenfell.

Sudecor has total assets of $300m, deposits of $200m, and a net worth of $30m.

AMERICAS NEWS DIGEST

TD Bank reports record profits

A strong fourth-quarter performance helped Toronto Dominion Bank, Canada's fifth-largest, to report record net profit of C$914m (US$679m), or C$2.95 a share, in fiscal 1996, up 15 per cent from C$794m, or C$2.51, a year earlier. Return on equity was 15.4 per cent, up from 14.3 per cent in fiscal 1995. The quarterly dividend is being raised 12 per cent to 28 cents with the January 31, 1997, payment.

Earnings for the final quarter ended October 31 were C$249m, or 81 cents a share, up from C$226m, or 72 cents, a year earlier. TD's investment banking, brokerage and mutual fund businesses grew rapidly in fiscal 1996. The loan loss provision dipped to C$152m, a 10-year low. Low interest rates increased demand for mortgages significantly in the final quarter and business lending was up 6 per cent.

Total assets were C$126m at October 31, up from C$109m a year earlier. The latest year includes C$2.5bn following the acquisition of Waterhouse Investment Services, tha fourth largest US discount broker.

Robert Gibbens, Montreal

TSE approaches listings high

The Toronto Stock Exchange, Canada's largest, has added 135 new listings so far this year, including 60 initial public offerings, approaching the record set for all 1987 of 180 listings including 81 IPOs. Lower interest rates have helped the TSE composite index rise 27 per cent this year into new record territory. *Robert Gibbens*

Sale of air routes blocked

The Spanish government, the largest shareholder in Argentina's Aerolíneas Argentinas, will be unable to sell or transfer routes assigned to the airline, according to the Bueno Aires daily newspaper Clarín. "The routes belong to the state and therefore Iberia can negotiate various things apart from selling or stopping services on routes," an Argentine government source said. The statements come after speculation that Aerolíneas is about to enter an alliance with American Airlines which could involve route swaps or sales.

The Spanish government owns about 45 per cent of Aerolíneas through a direct 20 per cent stake held by state-owned Iberia Líneas Aereas de España and another stake in a holding company. *Reuter, Buenos Aires*

Inbursa to sell media holdings

Mexico's Grupo Financiero Inbursa, the financial arm of Grupo Carso, plans to sell its holdings in Grupo ACIR Communications and Television Azteca, according to a report yesterday in the newspaper Reforma. Inbursa is also continuing with its plans to sell its holdings in Medcom, Inbursa director Mr Fernando Chico Pardo told Reforma. Officials at Inbursa were not available for comment.

Mr Pardo said Inbursa was planning to sell its 50 per cent stake in Grupo ACIR, valued at about $50m, according to Reforma. It was also planning to sell its convertible obligations in Azteca, equivalent to 11 per cent of the company's shares. Terms and dates of either sale were still not fully defined, according to Mr Pardo. He said Inbursa would receive $15m for its capital investment in the television company Medcom, and another $20m for its 40 per cent stake in the company. *AP-DJ, Mexico City*

Sthn Electric plans package for holders

By Simon Holberton

Southern Electric, the Maidstone-based electricity company, yesterday said it planned to return up to 10 per cent of the company's share capital to shareholders and put on hold plans to grow through acquisition.

The company said it would publish the terms of its shareholder value package before Christmas. Analysts estimated the package would amount to about £180m ($300m) or 70p a share.

Mr Ian Marchant, Southern finance director, said the company was looking at the relative merits of a special dividend, a preference share issue, and a share buy-back, among others. The company was discussing its plans with the Inland Revenue and intended to make its distribution to shareholders in the first quarter of next year.

Mr Ken Coates, chairman, said it was not "practical" to consider a takeover of another company "given the changing political and regulatory environment" in Britain.

The announcement of the planned capital reconstruction came as Southern Electric announced better than expected dividends and results for the half year.

The company is paying an interim dividend of 12.9p – up 14.2 per cent – and said it would recommend a total of 43p. It intends to maintain its policy of increasing dividends by 5 to 8 per cent in real terms until 2000, although analysts noted that it could maintain 10 per cent real growth in dividends given its balance sheet strength and strong performance.

Profit before tax were £112.2m for the six months to September, down 5.5 per cent on a year earlier.

Mr Marchant said the changes to depreciation allowanced announced by Mr Kenneth Clarke, the chancellor, on Tuesday would increase the company's tax bill by £7m in seven years time.

He said the change would increase the company's cost of capital above the 7 per cent real return which Professor Stephen Littlechild, director-general of Offer, the industry regulator, allowed it to earn on its regulated asset base. The company would argue for a higher cost of capital at its next regulatory review, he said.

United Utilities 34% up

By Jane Martinson

United Utilities, the combined water and electricity group, is to launch a new company early next year to compete in the deregulated energy market after 1998.

Mr Brian Staples, chief executive, said the group was "deep in discussions" with other gas and electricity suppliers about the venture. "We see ourselves being very significant players nationally," he said. A tie-up with another regional electricity supplier is also a "preferred route".

The group said that merger savings from last year's £1.8bn acquisition of Norweb, the regional electricity company, were on target, as it announced a 34 per cent increase in interim pre-tax profits to £223.9m ($373.9m) in the six months to September 30.

The shares fell 8½p to 590p yesterday, partly because profits were at the low end of expectations.

United also announced that it would be looking for a "second wave" of cost cutting in the new year. It is planning a further profit sharing initiative for customers and shareholders before next April, having announced an enhanced dividend policy and customer rebate two years ago.

United warned that its response to the windfall tax mooted by the Labour party could be a cancellation of these rebates and withdrawing additional capital investment. Sir Desmond Pitcher, chairman, pointed out, however, that it had no plans to campaign against such a tax.

Tony Andrews

Sir Desmond Pitcher – looking for more cost cuts

Enlarged Stagecoach rolls out 66% increase

By David Blackwell

Shares in Stagecoach Holdings rose 45½p to 629p yesterday as interim operating profits rose by two thirds to £42.4m at the rapidly expanding bus and rail group.

Pre-tax profits jumped from £20.7m to £31.8m ($53.1m) excluding a £15.2m gain on the sale of its 22 per cent stake in Strathclyde buses. Turnover leapt from £189.8m to £405.1m, for the 24 weeks to October 12, with acquisitions contributing £44.9m.

Mr Brian Souter, executiva chairman, said the group had transformed itself in the last 12 months from the UK's largest bus operator to a broadly-based transport group. This had left it less subject to regulatory changes in any single area.

Tha challenge now was to consolidate Porterbrook, tha rail rolling stock leasing company bought at the end of July for £825m, and Swebus, the Scandinavian bus company acquired last month.

Results included £13.5m of operating profit from six weeks of owning Porterbrook. Mr Souter said that cost savings planned for the next three to four years were starting to flow through quicker than expected.

Swebus contribnted £600,000 of operating profits in 10 days. The group expects to improve operating margins from the current 5.1 per cent through cost savings. But Mr Souter said margins would not reach the UK's core bus margin level of 15.6 per cent (14.8 per cent).

Operating profits from the core bus operations rose from £24.7m to £26.6m on turnover of £170.3m (£167.1m).

Net debt at the end of the half was £835.2m, up from £126.9m at the end of April, giving gearing of 567 per cent.

3i has £188.4m return

By Katharine Campbell

Buoyant trade sales and flotations helped 3i, Europe's largest provider of private eqnity capital, deliver a total return to shareholders of £188.4m ($314.6m) in the six months to September 30.

It represents a return of 7.4 per cent on opening shareholders' funds, behind the FTSE All-Share total return index, which rose 8.1 per cent, but ahead of the FTSE SmallCap's 6.2 per cent increase. Fully diluted net asset value per share rose from 426p to 454p.

However, 3i said that tough competition in the market for larger buy-outs and buy-ins in the UK had forced the group to concentrate on younger companies and to proceed with internationalisation plans.

Returns in the UK amonnted to 9 per cent, while international investments – 9 per cent of the portfolio – returned minus 2 per cent in currency adjusted terms. This reflected the French economy's poor performance and the pound's strength.

LEX COMMENT

Emap

At an emergency meeting on Monday, shareholders finally have to decide whether to eject Emap's two dissident non-executive directors. The choices are not palatabla. On the one hand, the two non-executives bravely stood up on a point of principla – arguing against rules making it easier for non-executives to be dismissed. If shareholders now sold them down the river, it would send an unfortunate message to other companies tempted to ride roughshod over non-executives, as well as being a slap in the face to two courageous men. On the other hand, there is an open rift in the boardroom that cannot be good for the company. Keeping the dissidents on indefinitely would lead to board ructions.

Is there any way of resolving the dilemma? There might be. What if shareholders voted to keep the two dissidents but made clear at Monday's meeting that they would like them to resign – but only once two appropriately independent heavyweights had been chosen to replace them? The dissidents themselves could say at the meeting that they would be happy to resign at such a time.

Such an outcome would allow the dissidents to leave with their heads high rather than their tails between their legs. It would also ensure that Emap continned to have e good number of strong non-executives. That will be especially important in the coming year, as the board needs to choose a replacement to Sir John Hoskyns, its chairman, who is due to retire in 1998.

MTL issues warning

By Clay Harris

The strong pound and fierce German competition have battered margins at MTL Instruments Group, the designer and manufacturer of electronic safety systems said yesterday.

MTL's shares fell 115p to 185p, a five-year low and a one-day fall of more than 38 per cent, after it said profits would fall significantly below expectations.

Miss Ingrid von Hentschel, analyst at company broker Beeson Gregory, said she had cut her forecast of 1996 pre-tax profits from £5.3m to £4.5m ($7.51m). The new figure is slightly below the £4.6m achieved on sales of £34.6m in 1995.

The sharp fall underlines smaller companies' particular vulnerability to profits warnings.

MTL is the world leader in intrinsic safety systems, installations intended to prevent explosions in facilities such as refineries, with a market share of about 30 per cent. Some 80 per cent of sales are outside the UK.

It is closely followed by two German companies, Peperl & Fuchs and Stahl. The former, especially, has stepped up price competition, first in Germany and then in Asia, in an effort to gain market share.

This pressure has made it difficult for MTL to follow its usual course when sterling is strong – raising prices in local currencies. Sales volumes had not been as badly affected as margins, although orders were a little below target, it said.

Wickes names chief executive

Wickes, the builders merchant whose former senior management is under investigation by the Serious Fraud Office, will today announce the appointment of a new chief executive.

Mr Bill Grimsey, managing director of its main trading company, Wickes Building Supplies, will join the board immediately.

He replaces Mr Harry Sweetbaum, who resigned as chairman and chief executive in June after the discovery that profits had been overstated by a total of £51m over more than three years.

A report drawn up for Wickes by Linklaters & Paines, the solicitors, found there had been a deliberate misrepresentation of the basis of certain rebate and contribution arrangements with suppliers.

Mr Grimsey will report to Mr Michael von Brentano, the investment banker who took over as non-executive chairman. He will have a key role in convincing investors to back the £30m rights issue needed to rebuild its balance sheet so trading in the shares can resume.

Mr von Brentano said Mr Grimsey, 44, had proved the best candidate from a slate of internal and external contenders. Previously with Tesco and Kingfisher, he has played a key role in the effort to restore Wickes' fortunes. This has involved discussions with more than 162 suppliers to re-negotiate supply contracts.

Wickes will also announce the appointment of former Kingfisher director, Mr Nigel Whittaker, as a non-executive director.

The appointments were agreed just 24 hours after the SFO confirmed it has launched an inquiry into the profits overstatement. Mr Sweetbaum and the company's former finance director, Mr Trefor Llewellyn, both firmly denied knowledge of what was going on.

RESULTS

		Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends Corresponding dividend	Total for year	Total last year
BPB	6 mths to Sept 30	719.1 (720.2)	106.7♥ (78.94)	14.1 (9.6)	3.55	Jan 24	3.35	-	9.7
Bristol Utd Press	6 mths to Sept 30	31.2 (30.4)	4.24 (4.494)	10.81 (11.37)	5.25	Jan 24	5	-	14
British Gas	9 mths to Sept 30	5,556 (5,919)	884 (422)	3.1L (2.5)	-	-	-	-	14.5
Brockhampton	6 mths to Sept 30	13.8 (13.9)	3.4 (4.3)	5.4 (6.4)	1.25	Jan 17	1.04	-	3.14
Caledonia Invs	6 mths to Sept 30	28.1 (28.7)	23.8 (22.8♥)	17.7 (17.5)	6.2	Jan 16	5.9	-	18
Castings	6 mths to Sept 30	25.6 (26.7)	4.28 (3.60)	6.66 (5.8)	1.43	Jan 11	1.22	-	4.31
Concentric	Yr to Sept 30	147.3 (141.8)	10.7 (11.3)	13.52 (14.4)	4.89	Jan 16	4.66	6.94	6.61
CPL Aromas	6 mths to Sept 30	18.4 (13.6)	1.96 (1.41)	10.2 (8.9)	1.9	Jan 3	1.6	-	4.6
European Motor	6 mths to Sept 30	199.5 (179.5)	4.87 (4.1)	6.4 (5.4)	2.3	Jan 9	2.2	-	5.2
Fell Circle Inds	6 mths to Sept 29	6.19 (2.79)	1.38L (0.234L)	1.33L† (0.32L)	nil	-	nil	-	0.1
Hampson Inds	6 mths to Sept 30	48.5 (47.8)	2.7 (1.47L)	1.78† (3.18L)	0.6	Feb 24	0.55	-	2.25
Hogg Robinson	6 mths to Sept 30	142.7 (117.5)	14 (10.7)	10.38† (8.76)	3.7	Jan 20	3.3	-	6.75
Johnson Matthey	6 mths to Sept 30	1,207 (1,286)	51.2 (47)	16.9† (16.4)	4.7	Feb 3	4.4	-	14.5
London Intl	6 mths to Sept 30	153.1 (139.5)	1.34 (6.5)	0.46L (1.43)	0.7	Feb 26	0.5	-	2
Lotteryking	6 mths to Oct 31	0.684 (0.769)	0.056 (0.183)	0.03 (-)	-	-	-	-	-
Manx & Overseas	Yr to Sept 30	10.1 (9.37)	0.344 (0.509♥)	0.51† (0.9)	0.325♦	Dec 20	0.325	0.325	0.325
Metrotect Inds	6 mths to Sept 30	8.16 (6.9)	0.179♦ (0.14L)	0.56 (0.58L)	0.35	Feb 14	0.35	-	0.7
ML	Yr to Sept 30	48.2 (56.5)	3.77 (2.57)	1.6 (1.3)	0.4	Jan 10	0.35	-	1.4
Morland	Yr to Sept 30	83.4 (62.8)	14.4♥ (10.7♥)	39.2† (33.5)	6.15	Jan 31	8.4	12.75	11.7
Neepsend	6 mths to Sept 30	13.5 (12.2)	0.756 (0.803)	2.2 (2.4)	0.6	Jan 28	0.6	-	1.8
NPC	6 mths to Sept 30	48.3 (48.8)	4.8 (3.93)	5.7 (4.6)	1.35	Jan 10	1.2	-	3.8
Royal Bank Scotland	Yr to Sept 30	(-)	695♥ (602)	54 (43.9)	13.2	Feb 20	11.6	18.6	16.2
Sanderson Elect	Yr to Sept 30	61.4 (57.8)	6.2 (5.31)	10.1† (8.8)	2.1	#	1.8	4	3.4
Southern Electric	6 mths to Sept 30	792.4 (734.2)	112.2♥ (118.7♥)	34.3‡ (33.3)	12.9	Mar 4	11.3	-	28.3
Stagecoach	24 wks to Oct 12	405.1 (189.8)	47♥ (20.7)	18† (9.3)	3	Feb 20	2.1	-	6.7
Stentor	6 mths to Sept 30	(-)	0.45L (-)	10.29 (-)					
Satellite Speakman	6 mths to Sept 30	37 (12.3)	2.65 (0.541)	1.35† (0.44)	0.43	Jan 17	0.325	-	6.5
Triford	6 mths to Sept 30	27.7 (23.5)	3.27 (2.72)	13.1† (11.09)	3.33	Jan 29	2.9	-	6.7
United Utilities	6 mths to Sept 30	1,222 (931.3)	223.9 (167♥)	30.9† (30.8)	12	Feb 13	9.27	-	28.86§§
VideoLogic	6 mths to Sept 30	7.33 (6.55)	1.24L (3.59L)	0.8L (2.6L)	-	-	-	-	-
VTR	Yr to Aug 31	20.3 (12.2)	1.62♥ (1.5♥)	15.3 (10.4)	3	Jan 17	2.8	4.75	4.4

Investment Trusts		NAV (p)	Attributable earnings (£m)	EPS (p)	Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Asset Management	Yr to Sept 30 ‡	103.4 (102.8)	0.069 (0.044)	0.98 (0.81♦)	0.7413	-	0.593	0.7413	0.593
Edinburgh Income	6 mths to Oct 31	43.5 (43.3)	0.235 (0.254)	1.8 (1.7)	1‡‡	Jan 6	1	-	4
Lomond Uwriting	6½ mths to Oct 17	125.28 (119.49)	0.618 (1.19)	2.48 (5.06)	-	-	-	-	-
Murray Emerging	Yr to Oct 31 ■	84.8 (83.6)	0.373 (0.659)	0.7 (1.2)	0.4	Mar 3	1	0.4	1
Scottish	Yr to Oct 31	322 (282.6)	17.5 (16.5)	6.18 (5.84)	3.99	Feb 10	3.82	5.95	5.67
3i	6 mths to Sept 30	458 (394)	49.8 (42.2)	6.5 (7.2)	3.5	Jan 31	3.1	-	8.1

Earnings shown basic. Dividends shown net, except ♦Gross throughout. Figures in brackets are for corresponding period. ♣After exceptional charge. ♥After exceptional credit. †On increased capital. ◊Alm stock. ♦Already paid; first interim of 2.2p for current year will be paid on February 3. ‡On reduced capital. ‡Irish currency. §§Excludes 3.8p special. ‡Comparatives for 10 months. ‡Pro forma. ‡‡Second interim; makes 2p to date. ★Comparatives for 12 months and restated. ■Comparatives for 57 weeks.

Notice of Meeting of Bondholders

John Mowlem & Company PLC

£50,000,000

11½ per cent. Guaranteed Bonds due 2013

("the Bonds")

NOTICE IS HEREBY GIVEN that a meeting of the holders of the Bonds (the "Bondholders") will be held at Kleinwort Benson Limited, 20 Fenchurch Street, London EC3 on Thursday, 19 December, 1996 at 10.00 a.m. (London time) for the purpose of considering and, if thought fit, passing the resolution set out below, which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed dated 27 May, 1988 and constituting the Bonds ("the Trust Deed").

Proposal

John Mowlem & Company PLC ("the Company") is seeking to redeem the Bonds in full at 100 per cent. of their principal amount if it proceeds with a divestment of an interest in its subsidiary SGB Group plc or one of certain subsidiaries of SGB Group plc on or prior to 31 July, 1997. In this event the Bonds will be redeemed together with interest accrued during the period from the most recent interest payment date (expected to be 27 May, 1996) to the redemption date.

The Extraordinary Resolution set out below, if duly passed, will approve the making of amendments to the conditions of the Bonds (the "Conditions") and to the Trust Deed in order to facilitate such a divestment and the associated redemption. Paragraph 1 of the resolution provides for the addition, in the Condition relating to redemption, of an obligation for the Company to redeem the Bonds in full at par within 15 London business days after an "SGB Disposal" occurs. An "SGB Disposal" is defined in paragraph 2.1 of the resolution, to which reference should be made; very broadly, it means the beneficial ownership of all or any part of the equity share capital of any of certain specified SGB companies passing outside the John Mowlem Group. Paragraphs 2.2 and 2.3 of the resolution have the effect, during the period (not exceeding 15 London business days) between the SGB Disposal happening and the actual redemption of the Bonds, of amending the borrowings covenants and the disposals restriction respectively which are contained in the Trust Deed so as to exclude that part of the SGB Group which is the subject of the divestment.

Paragraph 4 of the resolution provides that if SGB Group plc (which is one of the two Guarantors of the Bonds) itself is the Company which is the subject of the divestment, its guarantee of the Bonds will be released with effect from the time the divestment is completed. This release will be necessary in order to facilitate the divestment, following which the Bonds will be redeemed. It should be noted that at the time any such release of SGB Group plc's guarantee becomes effective, the Company will have become, and will remain, liable to redeem the Bonds within 15 London business days; however, the redemption moneys will or may not actually have been received or paid over to the principal paying agent for disbursement to Bondholders at that time.

If the Extraordinary Resolution is passed and the divestment is carried out, notice will be given to The Prudential Assurance Company Limited ("the Trustee") and a notice specifying the redemption date, and explaining the procedure to be followed by Bondholders, will be published in the *Financial Times* at least 5 London business days before the redemption date. If for any reason such divestment is not carried out by 31 July, 1997, no redemption of the Bonds will occur.

Bondholders are requested either to attend this meeting in person or to arrange as soon as possible to be represented at it. Further information on the steps to be taken is contained under "Attendance and Voting" below.

The resolution referred to above is as follows:

Extraordinary Resolution

"THAT this Meeting of the holders of the 11½ per cent. Guaranteed Bonds due 2013 ("the Bonds") of John Mowlem & Company PLC ("the Company") constituted by a Trust Deed dated 27 May, 1988 and made between the Company of the first part, Mowlem Technology Limited of the second part, SGB Group plc of the third part and The Prudential Assurance Company Limited of the fourth part ("the Trust Deed") hereby:

1. sanctions and approves the modification and amendment of the Conditions by the addition, after Condition 5(A), of the following new Condition 5(AA):-

"(AA) Redemption upon SGB Disposal

If an SGB Disposal occurs on or prior to 31 July, 1997, the Company shall redeem all, but not some only, of the Bonds at their principal amount on a day selected by the Company ("the Redemption Date") which is not later than 15 London Business Days after the SGB Disposal has occurred. The Company shall, at least 5 London Business Days prior to the proposed Redemption Date, give notice to the Bondholders (in accordance with Condition 13) of the SGB Disposal, which notice shall specify the Redemption Date. The Bonds shall be redeemed together with interest accrued to the Redemption Date.

Once an SGB Disposal has occurred, the Company shall forthwith give notice of that fact to the Trustee in writing. The obligation in Clause 12(D) (xvix) of the Trust Deed to give earlier notice to the Trustee of a proposed redemption shall not apply to a redemption pursuant to this Condition 5(AA).";

2. sanctions and approves the modification and amendment of the Trust Deed by:

2.1 inserting in Clause 1(A), in the correct alphabetical sequence, the following additional definitions:

"London Business Day" means a day (other than a Saturday or a Sunday) on which banks generally are open for business in the City of London and on which dealings in domestic securities may take place on and with the authority of London Stock Exchange Limited;

"Relevant SGB Company" means any of SGB Group plc (registered number 164238) ("SGB"), SHL and SSP and any other holding company of SHL or SSP (other than the Company);

"SGB Disposal" means all or any of the issued equity share capital of any Relevant SGB Company coming into the beneficial ownership of a person or persons not being a member or members of the Group;

"SHL" means SGB Holdings Limited (registered number 947915);

"SSP" means SGB Services plc (registered number 276562);

2.2 adding at the end of Clause 12(A) a new paragraph as follows:

"For the purposes of sub-paragraphs (i), (ii) and (iii) above, during the period of 15 London Business Days after an SGB Disposal has occurred it shall be assumed (if it is not actually the case) that the SGB Disposal Companies are not Subsidiaries and are not and were not consolidated with the Company for the purposes of the Company's consolidated balance sheet; and the Group's retained interest in the SGB Disposal Companies shall be treated as an investment and the net proceeds of the SGB Disposal received or receivable by the Group shall be treated as an asset of the Group. For this purpose "SGB Disposal Companies" means the Relevant SGB Company which was the subject of the SGB Disposal and all the subsidiaries of that Relevant SGB Company."

2.3 in the paragraph (a) which follows sub-paragraph (ii) in Clause 12(C), deleting from the end of sub-sub-paragraph (5) the word "and", inserting at the end of sub-sub-paragraph (6) the word "and", and inserting after such sub-sub-paragraph (6):

"(7) (if and for as long as there is no breach of Condition 5(AA)) an SGB Disposal;".

3. authorises and instructs the Trustee forthwith to execute a supplemental trust deed in the form of the draft produced to the meeting and for the purposes of identification signed by the Chairman of this meeting with such amendments thereto as the Trustee may approve or agree with the Company and to concur in and execute and do all such documents, acts and things as the Trustee may consider to be necessary or desirable to effect the modifications and amendments set out in 1 and 2 above and the release in 4 below; and

4. authorises the Trustee forthwith to execute such documents (in addition to the supplemental trust deed) as may in the Trustee's opinion be necessary or desirable for the purpose of releasing SGB, with effect only from the occurrence of any SGB Disposal in which shares in SGB are involved, from all its obligations under the Trust Deed, the Bonds and the Coupons, without requiring the conditions set out in the proviso to Clause 15(E) of the Trust Deed to be satisfied.

Expressions defined in the Bonds or in the Trust Deed shall have the same meanings when used in this resolution."

Attendance and Voting

A Bondholder who wishes to attend and vote at the meeting in person must produce at the meeting either his Bond(s) or a voting certificate issued in accordance with paragraph 1 of the Third Schedule to the Trust Deed. A voting certificate can be obtained from any of the Paying Agents specified below if the relevant Bond(s) are first deposited with that Paying Agent.

A Bondholder who does not wish to attend and vote at the meeting in person but nevertheless wishes to be represented at it must either (a) arrange for his Bond(s) to be delivered, or a voting certificate to be issued, to someone else who will attend the meeting and vote on his behalf or (b) arrange for a vote to be cast by a proxy appointed under a block voting instruction issued in accordance with paragraph 1 of the Third Schedule to the Trust Deed. A block voting instruction can be issued by any of the Paying Agents specified below if the relevant Bond(s) are first deposited with that Paying Agent.

Bonds may be deposited with any Paying Agent for the purpose of obtaining voting certificates or appointing proxies until 48 hours before the time fixed for the meeting (but not thereafter). A Bondholder who holds Bond(s) through Euroclear or Cedel Bank and who wishes to arrange for those Bond(s) to be held in the order of a Paying Agent for the purposes of the meeting must make arrangements with, and in the manner stipulated by, Euroclear or Cedel Bank, as the case may be, so as to have the Bond(s) held to the order of a Paying Agent prior to 48 hours before the time fixed for the meeting.

The quorum required at the meeting is two or more persons holding Bonds or voting certificates or being proxies and being or representing in the aggregate the holders of not less than a clear majority of the principal amount of the Bonds for the time being outstanding. If a quorum is not present at the meeting the inquorate meeting will be adjourned and the resolution intended to be put to the inquorate meeting will be considered at an adjourned meeting (notice of which will be given to the Bondholders). The quorum at such an adjourned meeting will be two or more persons holding Bonds or voting certificates or being proxies, whatever the principal amount of the Bonds so held or represented.

Every question submitted to the meeting will be decided by a show of hands unless a poll is demanded by the Chairman of the meeting or by one or more persons holding Bonds or voting certificates or being proxies and being or representing in the aggregate the holders of not less than one-fiftieth part of the principal amount of the Bonds then outstanding. On a show of hands every person who is present in person and produces a Bond or voting certificate or is a proxy shall have one vote. On a poll every person who is so present shall have one vote in respect of each £10,000 in principal amount of Bonds so produced or represented by the voting certificate so produced or in respect of which he is a proxy.

To be passed as an Extraordinary Resolution, the resolution requires a majority in favour consisting of not less than three-quarters of the votes cast thereon. If passed, an Extraordinary Resolution of the Bondholders is binding upon all the Bondholders (whether present or not present at the meeting at which it is passed) and upon all the Couponholders and each of the Bondholders and Couponholders shall be bound to give effect thereto accordingly.

The Trustee

In accordance with normal practice, the Trustee for the Bondholders, The Prudential Assurance Company Limited, expresses no opinion as to the merits of the proposal set out in this notice. It has, however, authorised it to be stated that, on the basis of the information contained in this notice, it has no objection to the form in which the proposal is presented to Bondholders for their consideration. The Trustee has also given and has not withdrawn its written consent to the issue of this notice with the inclusion of its name in the form and context in which it appears.

The Trust Deed

Copies of the Trust Deed (including the terms and conditions of the Bonds) and a draft (subject to modification) of the supplemental trust deed referred to in the Extraordinary Resolution set out in this notice are available for inspection by Bondholders at the specified offices of the Paying Agents set out below and at the office of the Trustee, The Prudential Assurance Company Limited, 142 Holborn Bars, London EC1N 2NH.

The Market Value of the Bonds 1996

25 November	31 October	30 September	31 August	31 July	30 June	31 May
96.65%	94.86%	92.54%	89.57%	89.57%	89.57%	85.22%

Bondholders should be aware that these prices are indicative only. The Bonds are rarely traded and no liquid market exists.

No director of the Company has any interest in any of the Bonds.

Paying Agents

Principal Paying Agent
Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
Luxembourg L-2955

Paying Agent
Kredietbank N.V.
Arenberg Straat 7
B-1000 Brussels

Paying Agent
Kredietbank N.V.
7th Floor, Exchange House
Primrose Street, London EC2A 2HQ

Given by: John Mowlem & Company PLC

Dated: 27 November, 1996

THIS NOTICE IS IMPORTANT. IF BONDHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE IN RESPECT OF ANY ASPECT OF THE EXTRAORDINARY RESOLUTION THEY SHOULD CONSULT THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER WITHOUT DELAY.

INTERNATIONAL CAPITAL MARKETS

Cost of borrowing in Hungary at new low

By Conner Middelmann

The Hungarian government has managed to push its borrowing costs to new lows – with the rate on the National Bank of Hungary's latest syndicated loan cut by more than half.

The bank has re-priced its $350m five-year syndicated loan and seen the margin cut to 20 basis points over the London inter-bank offered rate (Libor) for the loan's remaining life.

This is the lowest margin ever achieved by a Hungarian borrower and illustrates how borrowing rates for the country have tumbled over the past 12 months. A year ago Hungary was paying about 150 basis points over Libor.

When the NBH negotiated its loan in August, it achieved Hungary's best-ever pricing at 50 basis points over Libor – and the facility attracted such demand that the deal was increased to $350m from the $250m originally sought.

However, it decided to go for a re-pricing after the success of this month's tightly-priced transaction for Matav, the Hungarian telecoms operator. The Matav facility was at a margin of 30 basis points over Libor and has been increased to $250m from $200m after raising subscriptions of $375m.

Banks participating in NBH's original transaction have been asked to re-commit – either matching or increasing their current level – or pull out altogether.

Those increasing their exposure will be paid an up-front fee of 7.5 basis points while banks keeping participation at the same level will be paid 4.5 basis points.

"A few opportunistic banks who felt that 50 basis points over Libor was a good price for a zero-risk weighted asset will probably drop out, but some relationship banks may choose to stay or even increase their exposure," said one banker.

The seven arranging banks are ABN Amro, Bankgesellschaft Berlin, the Central European International Bank, Chase Investment Bank, Deutsche Bank Luxembourg, NatWest Markets and Sakura Bank.

The repricing is expected to go smoothly, but one banker admitted it had "raised quite a few eyebrows around the market – especially the speed at which this decline in margins is taking place".

Another observer was more scathing. "A 30 basis point drop in the margin in the space of three months is definitely a leap of faith on somebody's part," he said.

Hungarian borrowing rates have tumbled sharply over the past 12 months. Earlier this year, Matav paid 130 basis points over Libor for a five-year loan.

Although some of this can be attributed to Hungary's entry into the OECD this year and recent upgrades in its credit ratings, some bankers feel the decline in margins is no longer justified by fundamentals, but is largely a result of bank competition.

"Eastern Europe has been very heavily marketed by a number of the second-tier lenders who were never going to be able to compete for the big western European mandates, and it's gone too far," said one banker.

In the light of these sharp declines in margins, the pricing of an ongoing $170m five-year transaction for Westel 900, the Hungarian mobile telephone company, now looks positively generous at 45 basis points over Libor, and bankers say the deal is likely to be substantially oversubscribed. The facility – a $150m term loan and a $20m revolving credit – is being arranged by Bank of America and Citibank.

The Czech bank Investicni a Postovni Banka is back in the market with a $150m five-year deal. It pays a margin of 30 basis points over Libor, the same as its last transaction syndicated in August. One banker pointed out that several other Czech banks had come to the market at similar levels this year, which might damp demand for this offering.

Also in the Czech Republic, banks are scrambling to win the prestigious mandate for a five-year term loan, estimated at $300m, for the City of Prague, amid talk of an interest margin of 15 to 17.5 basis points.

Elsewhere, the $200m seven-year term loan for Israel came to a successful conclusion, overcoming the political tension that overshadowed its launch in late September.

According to NatWest Markets, one of the five arrangers, more than $240m was raised in syndication and the deal was increased to around $217m, with 21 banks committing to the facility.

The transaction was re-denominated into French francs to broaden Israel's currency base, resulting in a FFr1.1bn facility.

German bunds jump on talk of fall in rates

GOVERNMENT BONDS

By Richard Adams in London

Expectations of falling German interest rates saw bund prices race to new highs yesterday, pulling along the bond prices of the prospective "core" members of European monetary union.

On an otherwise quiet day, with the US markets closed for Thanksgiving, German bund future prices continued the upward trend seen all week.

Liffe's December contract for bund futures settled up 0.27 at 101.64, a record closing price, having recorded an all-time high of 101.70. On Wednesday the contract had beaten the previous high of 101.48, set in January 1994. Meanwhile, in Frankfurt the bobl future also entered new territory at 104.99.

The rise came after a number of institutions had lowered their predictions for German interest rates. On Wednesday, SBC Warburg's macroeconomic research team released a forecast of a 50 basis point cut in Germany's short-term rates over the next three months.

"On purely domestic grounds, Germany would probably leave monetary policy unchanged over the next 12 months. However, with Emu still firmly on the agenda, the Bundesbank needs to provide more monetary stimulus to the rest of Europe. We expect the Buba to fulfil its new obligations," *SBC said.*

In the cash market, the 10-year benchmark bund rose 0.30 to 103.52 to yield 5.75 per cent – a 23 basis points drop in the last month.

The bund yield spread over Italian bonds widened by 6 basis points to 180 points, as BTP 10-year benchmarks fell 0.18 to 112.25, yielding 7.62 per cent. Supply was one reason for the fall: the Bank of Italy sold L2,000bn of 2006 BTPs with a 7.75 per cent coupon. The auction was only covered 1.5 times, and the assigned price was 104.05.

Italy also sold L2,500bn of seven-year floating-rate certificates, which will pay a first coupon of 3.6 per cent.

UK gilt prices enjoyed their best period since the Budget on Tuesday. The Liffe long gilt contract for December rallied to settle at 110[illegible], up [illegible], while the benchmark 10-year gilt rose the same amount to end at 100[illegible].

Mr Don Smith, UK economist at HSBC Markets in London, said gilt holders had been switching from two-year to five-year paper, a reversal of pre-Budget positions, and bidding for the Bank of England's 2002 auction of 7 per cent gilts.

He said there was a tightness at the middle of the gilt market due to the lack of supply in 10-year paper. He predicted that the Bank would "almost certainly" use the double auction in January to sell more 10-year gilts.

The Bank has sold £9.6bn of short bonds to date, compared with only £5.5bn of five-year to 10-year stock, possibly to take advantage of buyers' expectations of looming interest rate rises and their willingness to pay higher prices for shorts.

The Bank said yesterday a £100m tap offer of 7.75 per cent gilts due 2006 was exhausted and no longer operating, after the bonds were supplied at 101.31.

Samsung Electronics targets German retail

INTERNATIONAL BONDS

By Conner Middelmann in London and Laura Tyson in Taipei

An offering of D-Mark bonds for Samsung Electronics was placed mainly with German retail investors. Lead manager Deutsche Morgan Grenfell said the bonds benefited from a double taxation agreement between Germany and Korea, which means investors only have to pay tax in one country.

The DM300m five-year issue was priced at a spread of 88 basis points over bunds. Dealers said it was largely a marketing exercise by Samsung, which was seeking to raise its profile in Europe and test recognition of its household name.

The D-Mark sector also saw a DM100m securitisation of Russian Ministry of Finance bonds for Russia Credit, a special purpose vehicle based in the Cayman Islands, via SBC Warburg.

The bonds, which yield 318 basis points over German government notes at the re-offer price, are backed by a $65.4m pool of Series 3 Ministry of Finance dollar-denominated domestic bonds.

Although the credit risk of the eurobonds is the same as on the underlying assets, they are easier to buy and settle than the Ministry of Finance bonds, which trade in large size and are subject to complicated custody and clearing procedures.

Some dealers felt the issue might influence Russia's planned debut in the D-Mark sector, expected early next year and seen totalling DM1bn to DM1.5bn. But others said the two were dissimilar in terms of size, structure and clientele. Russia recently made its successful debut in the international capital market with a $1bn issue of five-year bonds yielding 345 basis points over US Treasuries.

In the dollar sector, China Travel Service, a Hong Kong-based tourism and travel operator, tapped the eurobond market for the first time with $150m of floating-rate notes yielding 110 basis points over six-month Libor. LTCB International, joint lead with Sanwa International, said the paper went mostly to financial institutions in Asia and to European funds.

● *The Asian Development* Bank plans to issue T$7bn in Taiwan dollar-denominated bonds early next month, the issue's lead underwriter said yesterday. Chinatrust Bank, a Taiwanese commercial bank, said the date had been tentatively set for December 6. The term of the issue will be seven or 10 years, a spokesman said.

In August 1995, the Manila-based multilateral financial institution issued a seven-year Taiwan dollar-denominated bond valued at T$2.6bn.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
China Travel Serv(Hldgs)(HK)‡	150	(a)	100.00R	Dec 2001	0.35R	-	LTCB Intl/Sanwa Intl
D-MARKS							
Samsung Electronics	300	5.375	99.31R	Dec 2001	0.35R	+88(5%Aug01)	Deutsche Morgan Grenfell
Russia Credit, Series 3(b,c)	100	7.00	98.98R	May 1999	0.40R	+318(5¾%-99)	SBC Warburg
YEN							
Itochu Corp‡♦	10bn	(d,e)	100.00	Feb 2002	0.25	-	Norinchukin International
SWISS FRANCS							
De Nijl	150	3.50	102.00	Dec 2002	2.25	-	SBC Warburg
LB Rheinland-Pfalz♦	100	3.50	102.00	Dec 2001	1.50	-	UBS
ITALIAN LIRE							
L-Bank(d)	100bn	7.30	100.76	Dec 2006	2.00	-	JP Morgan
ECUS							
Credit Local de France(d)	100	5.50	101.40	Dec 2002	1.875	-	[illegible]
PESETAS							
European Inv'ment Bank(d)	10.6bn	zero	100.10	Jun 2000	0.10	-	La Caixa Barcelona
ESCUDOS							
European Investment Bank‡	20bn	(f)	100.125	Dec 2006	0.23	-	Banco Cisf/BPI/OSD

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ‡Unlisted. ♦Convertible. ‡ Floating-rate note. R: fixed re-offer price; fees shown at re-offer level. a) 6-mth Libor +110bp. b) Secured against $65.4m of Russian Min Fin Series 3 and a swap agreement with the lead manager. c) 6-mth Libor +50bp; maximum 1.25% to Feb98, then 1.7% to Feb00, then 2.1% to Feb00, then 2.4% to Feb01, then 3%. d) L300bn launched 18/11/96 was increased to L300bn. e) 3 bonds of Ptas3.5bn maturing on June 5, 5 and 7 2000. Redemption linked to IBEX-35 equity index. f) 3-mth Libor flat, max 9¼%. g) Short 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		6.750	11/06	97.2500	-	7.14	7.12	7.57
Austria		5.875	07/06	100.3200	+0.440	5.83	5.95	5.95
Belgium		7.000	05/06	107.7200	+0.300	5.93	6.01	6.09
Canada *		7.000	12/06	106.6700	+0.170	6.07	6.12	6.51
Denmark		8.000	03/06	108.6400	+0.140	6.71	6.82	6.82
France	BTAN	5.500	10/01	103.1843	+0.220	4.76	4.88	4.97
	OAT	6.500	10/06	105.6300	+0.320	5.74	5.86	5.95
Germany Bund		6.250	04/06	103.5200	+0.300	5.75	5.84	5.98
Ireland		8.000	08/06	109.6500	+0.300	6.61	6.75	6.94
Italy		6.500	02/06	112.2500	-0.180	7.62†	7.64	8.21
Japan	No 140	6.600	06/01	122.0635	-0.200	1.44	1.66	1.70
	No 182	3.000	09/05	104.2468	+0.360	2.42	2.65	2.81
Netherlands		8.500	06/06	119.8000	+0.250	5.72	5.82	5.91
Portugal		9.500	02/06	116.4400	-0.110	7.01	7.10	7.88
Spain		8.800	04/06	111.1800	-0.040	7.11	7.16	7.77
Sweden		6.000	02/05	94.3019	+0.120	6.93	7.07	7.24
UK Gilts		8.000	12/00	103-13	+2/32	7.01	7.10	6.95
		7.500	12/06	100-14	+10/32	7.44	7.48	7.56
		9.000	10/08	111-11	+13/32	7.54	7.57	7.70
US Treasury *		6.500	10/06	0-00	-	0.00	6.12	6.49
		6.500	11/26	0-00	-	0.00	6.40	6.76
ECU (French Govt)		7.000	04/06	105.6300	+0.170	6.16	6.24	6.32

London closing. *Canada mid-day, NY closed. Yields: Local market standard. † Gross (including withholding tax at 12.5 per cent payable by nonresidents) Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES (Nov 27)

Close		Treasury Bills and Bond Yields			
Prime rate	8¼	One month	-	Two year	5.66
Broker loan rate	7	Two month	-	Three year	5.77
Fed.funds	5⅜	Three month	5.16	Five year	5.92
Fed.funds at intervention	5⅞	Six month	5.27	10-year	6.18
		One year	5.41	30-year	6.45

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	128.06	128.28	+0.20	128.30	128.04	64,702	168,158
Mar	128.02	128.28	+0.24	128.28	128.02	18,623	66,895
Jun	126.80	127.08	+0.26	127.10	126.80	127	6,768

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Nov	CALLS Dec	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Mar
125	-	-	-	-	0.07	0.42
126	-	-	2.66	-	0.19	0.67
127	1.28	-	1.91	-	0.45	1.03
128	0.28	0.72	1.30	-	-	1.54
129	-	0.27	0.80	-	-	-

Est. vol. total, Calls 16,030 Puts 12,632. Previous day's open int., Calls 174,609 Puts 214,626.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	101.40	101.64	+0.27	101.76	101.33	80432	200032
Mar	100.48	100.72	+0.26	100.81	100.43	13932	71428

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	CALLS Jun	PUTS Jan	PUTS Feb	PUTS Mar	PUTS Jun
10050	0.58	0.85	1.07	1.03	0.34	0.63	0.85	1.77
10100	0.30	0.59	0.81	0.80	0.58	0.87	1.09	2.07
10150	0.14	0.39	0.60	0.80	0.92	1.17	1.38	2.40

Est. vol. total, Calls 9348 Puts 5397. Previous day's open int., Calls 122795 Puts 112122

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	127.95	127.77	-0.09	127.95	127.25	43841	69779
Mar	127.00	126.84	-0.14	127.00	126.40	9916	36157

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
12650	2.17	3.00	1.88	2.71
12700	1.92	2.75	2.08	2.96
12750	1.68	2.52	2.34	3.23

Est. vol. total, Calls 3035 Puts 1300. Previous day's open int., Calls 63794 Puts 52673

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	111.20	111.24	+0.03	111.38	110.81	54,168	65,290
Mar	110.74	110.76	+0.03	110.77	110.38	1,644	7,132

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	110-19	110-31	+0-12	111-02	110-15	46687	61877
Mar	109-29	110-10	+0-12	110-12	109-26	15673	94296

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	CALLS Jun	PUTS Jan	PUTS Feb	PUTS Mar	PUTS Jun
110	0-60	1-29	1-48	2-25	0-40	1-09	1-26	2-35
111	0-30	0-62	1-14	1-61	1-10	1-42	1-58	3-07
112	0-13	0-39	0-54	1-36	1-57	2-19	2-34	3-46

Est. vol. total, Calls 340 Puts 491. Previous day's open int., Calls 30037 Puts 19781

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	95.34	95.54	+0.20	95.54	95.32	2,644	8,541
Mar	94.90	95.08	+0.19	95.00	94.90	940	445

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100% (Nov 27)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	115-12	115-10	-0-01	115-29	115-03	474,074	289,800
Mar	114-31	114-31	-0-01	115-18	114-24	84,722	215,875
Jun	114-28	114-14	-0-02	115-00	114-09	4,176	12,501

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	126.30	-	-	126.42	126.01	3471	n/a
Mar	125.79	-	-	125.87	125.44	2782	n/a

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FTSE Actuaries Govt. Securities — UK Indices

Price Indices UK Gilts	Thu Nov 28	Day's change %	Wed Nov 27	Accrued interest	xd adj. ytd		Low coupon yield Nov 28	Nov 27	Yr. ago	Medium coupon yield Nov 28	Nov 27	Yr. ago	High coupon yield Nov 28	Nov 27	Yr. ago
1 Up to 5 years (21)	120.76	0.08	121.20	1.83	9.44	5 yrs	7.09	7.14	7.02	7.15	7.19	7.04	7.20	7.23	7.10
2 5-15 years (18)	149.75	0.28	150.64	2.05	11.16	15 yrs	7.63	7.66	7.72	7.60	7.64	7.77	7.58	7.62	7.84
3 Over 15 years (8)	169.76	0.44	170.82	2.98	11.83	20 yrs	7.72	7.72	7.80	7.65	7.69	7.83	7.62	7.66	7.88
4 Irredeemables (6)	193.66	-0.34	194.32	1.15	13.47	Irred.†	7.76	7.73	7.89						
5 All stocks (53)	144.29	0.24	145.02	2.16	10.72										

Index-linked							Inflation 5% Nov 28	Nov 27	Yr. ago	Inflation 10% Nov 28	Nov 27	Yr. ago
6 Up to 5 years (2)	203.20	0.04	203.12	0.94	5.28	Up to 5 yrs	3.14	3.14	2.75	2.46	2.46	1.58
7 Over 5 years (10)	196.40	0.09	196.22	1.32	4.71	Over 5 yrs	3.49	3.49	3.53	3.28	3.29	3.33
8 All stocks (12)	196.05	0.09	195.88	1.27	4.69							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Nov 28	Nov 27	Nov 26	Nov 25	Nov 22	Yr ago	High*	Low*
Govt. Secs. (UK)	94.80	94.73	94.83	94.74	94.79	95.42	96.34	91.59
Fixed interest	117.04	116.86	116.83	116.54	116.85	113.83	116.83	110.74

Gilt Edged Activity Indices

	Nov 27	Nov 26	Nov 25	Nov 22	Nov 21
Gilt Edged bargains	102.2	107.6	109.5	92.6	98.0
5-day average	102.0	105.1	107.3	109.4	116.8

* for 1996. Government Securities high since compilation: 127.4 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on November 28

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWISS FRANC STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OTHER STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DEUTSCHE MARK STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FLOATING RATE NOTES					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CONVERTIBLE BONDS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or –	52 week High	52 week Low
Shorts" (Lives up to Five Years)						
Treas 13¼pc 1997‡‡	13.12	6.20	101	—	107⅝	100½
Exch 10½pc 1997	10.41	6.26	100[illegible]	[illegible]	107[illegible]	100[illegible]
Treas Cnv 7pc 1997‡‡	6.97	6.46	100[illegible]	—	101[illegible]	100[illegible]
Treas 8¾pc 1997‡‡	6.61	6.49	101[illegible]	—	107[illegible]	101[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treas 7¾pc 2006‡‡	7.80	7.43	102	[illegible]	100[illegible]	96[illegible]
Treas 8pc 2002-6‡‡	7.78	7.33	102[illegible]	[illegible]	104[illegible]	97[illegible]
Treas 11¾pc 2003-7	9.66	7.30	121[illegible]	[illegible]	125[illegible]	118[illegible]
Treas 8½pc 2007‡‡	7.93	7.40	107[illegible]	[illegible]	108[illegible]	101[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Notes	Yield (1)	Yield (2)	Price £	+ or –	52 week High	52 week Low
Index-Linked (b)						
4⅝pc '98‡‡ (135.6)	0.39	2.32	113[illegible]	—	114[illegible]	111[illegible]
2½pc '01 (78.3)	2.82	3.30	185[illegible]	[illegible]	185[illegible]	176[illegible]
2½pc '03 (78.8)	2.85	3.28	181[illegible]	[illegible]	181[illegible]	177[illegible]
4⅝pc '04‡‡ (135.6)	2.91	3.29	118[illegible]	[illegible]	118[illegible]	112[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other Fixed Interest

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RECRUITMENT

Local talent is returning to the colony to replace its expatriate elite, says **Louise Lucas**

Changing the guard in Hong Kong

Hong Kong's young meo and women who have stndied and worked abroad are coming home. These thirtysomethings – whose skills include excellent English, overseas experience and command of a Chinese dialect – are now in big demand in the territory. Together with a new generation of international expatriates, they are steadily replacing the old, largely British, expatriate elite.

Damien O'Brien, managing partner of Egon Zehnder International in Hong Kong, draws a parallel between next year's return of Hong Kong to Chinese sovereignty and the new breed of jobseekers.

"There's a changing of the guard and I think the old attitude is going. On the cocktail circuit people are grumbling that it's not going to be the same, but a whole new wave of people are coming in."

The new jobseekers are different from the old expatriate elite: many are female; they are more likely to be from the US or Australia than the UK; and they have MBAs from ioternational business schools rather than indifferent Oxford or Cambridge degrees.

Moreover, says O'Brien, they are looking to be employed on the same basis as locals. "They're oot looking for privileges: they're here because they see it's exciting."

They are, of course, also attracted by Hong Kong's 15 per cent income tax rate, which means they are likely to be better off financially than elsewhere.

Among the new jobseekers are many returnees such as Ed Wong, an executive who completed his education abroad and went on to forge a career there. Last year for every 100 Hong Kong-based staff who left the territory, there were 60 coming home, fuelled by China's pragmatic approach to the territory's business interests and oostalgia for the motherland.

With a PhD in geophysics from Harvard and an investmeot career in the US behind him, Wong was attracted back by the promise of doing business in the rapidly expanding markets in China. He reckons concerns over Hong Kong's new masters have receded: "Now 1997 is approaching the worry is getting less and less. The further away, the more uncertainty."

Returnees like Wong have in any case secured their insurance policies – second passports.

O'Brien of Egon Zehnder says Hong Kong is a good place to earn a lot. The chief financial officer of a $100m (£61m) joint venture in China could earn $450,000 a year, he says, three times the maximum he or she could command in the US.

Hong Kong's traditional expatriate elite is not yet dead. HSBC Holdings, the global banking group, maintains a posse of international executives whose brief demands mobility. While their oumber has dwindled – there are now just over 350 out of a total workforce of more than 100,000 – such individuals will always be needed.

"We are in a lot of diverse markets, and to manage such diverse markets in a coherent way we need some form of cultural glue and reliahle expertise we can use," explains David Hodgkinson, head of human resources at HSBC in Hong Kong.

But employers such as HSBC are increasingly using Asian expatriates among its internationally mobile staff, a factor that has played a part in changing Hong Kong's labour market.

"Organisations have quite rightly put more time and effort into the development of local management talent," says Rod Eddington, managing director of Cathay Pacific, the territory's *de facto* flag carrier.

He says for a long time the prevailing view was that there was no point investing in local talent because it would move to the competition for a dollar a day more.

"Organisations that invested heavily in local recruitment 20 years ago are seeing the benefit now," he says. "Those that just did it after the Joint Declaration [the 1984 Sino-British agreement that returned Hong Kong to Chinese rule] have got a long way to go."

For those expatriates who survive, the downturn in the global investmeot banking business in 1994 and 1995 has eaten into the inflated pay cheques they had grown accustomed to.

"The gap between expatriate packages and local packages has rapidly disappeared, or is disappearing," says Eddington. "More of those sort of packages are also being paid to senior local staff, or staff are just given a lump sum and left to decide how they spend it."

Ian Basser, managing director of Michael Page Asia, the recruitment consultancy, notes that a talented local candidate will now command a higber price than his expatriate equivalent. He believes that salaries are no longer rising as fast as five years ago: "The early 1990s were stupid times."

But expatriate salaries in the territory are still attractive: basic for a top executive heading a product line could be $1m a year in basic salary plus bonus.

Extras such as the de rigeur membership of old-style gentlemen's clubs, school fees and flights home could add as mnch as $500,000 to the package for a regional bank chief; for a product-line head $300,000.

The brandy flows almost as freely at the Hong Kong Club as it did five years ago and the cigar smog is almost as thick.

But as if to illuetrate the changes in the territory's labour market, the new geoeration of top executives is as likely to take sandwiches at their desks, or even hreak off at noon for a burger or rice box at Chek Lap Kok, the site of the territory's new airport.

ASIAN CORPORATE FINANCE
ENERGY SECTOR
HONG KONG BASED

On behalf of our client, a major European Investment Bank with an internationally renowned reputation for sector-based corporate finance, we seek to recruit two experienced corporate finance professionals to work on a range of challenging assignments in the Asian electricity and oil & gas sectors.

Working as part of a large, well established and successful global sector team and with a fully regional brief, transactions span advisory, fund raising and merger & acquisition mandates.

Candidates will have:-

- A strong working knowledge of the electricity or oil & gas industry
- Previous involvement in corporate finance transactions in these sectors
- Superb financial modelling, valuation and execution skills

This is an exceptional opportunity to join a prestigious global energy corporate finance team at an exciting period in its growth in Asia.

Please contact Stephen McAlinden at Eban International Limited, 1002, Sing Pao Centre, 8 Queen's Road Central, Hong Kong. Tel: (852) 2521 9933, Fax: (852) 2869 8576

Eban International Limited

VENTURE CAPITAL

...ential V... force in the Venture Ca... ...try. Managing ... and external, the ...sts in the larger ... particularly buyouts.

We are now seeking to develop our team further by recruiting two young professionals, probably in their mid-late twenties. The successful candidates will be expected to participate fully in all aspects of the investment process.

These will include:

- identifying ... investee companies;
- appraising ... opportunities;
- negotiating and completing transactions.

We are prepared to consider a variety of backgrounds though candidates will probably be working in one of the following:

- venture capital;
- corporate finance/investment banking;
- strategic consultancy.

All candidates will need to demonstrate:

- fluency in English and either German or French;
- a high degree of numeracy;
- excellent analytical skills;
- commercial flair;
- strong communication skills.

To apply, or ... discussion, please write with a full CV to, or telephone, Anthony Jones, Career Plan Ltd., 33 ... London WC1N 2NS. Tel: 0171 242 5775, Fax: 0171 831 7623.

We are an equal opportunities employer.

PRUDENTIAL
Venture Managers

TELECOMMUNICATION SPECIALIST SALES

Our client is a major UK securities house with a powerful European parent. Their highly regarded research product is distributed internationally to institutional clients. An exciting opportunity has now arisen for a high calibre individual to join their top rated telecommunications team as a specialist salesman.

As a well qualified graduate, you should have a minimum of 3 years experience within the equities market. This could have been gained in either sales, analysis or fund management. Located on the sales desk, the role will involve working closely with the team of 5 sector analysts marketing a pan European product to institutional clients as well as the general sales force.

Candidates should be focused and self-motivated with the ability to build and maintain client relationships in a highly competitive market. Therefore a thorough knowledge of the telecommunications sector is essential, as is the desire to succeed.

For an initial discussion in confidence please contact us quoting reference 5455 at 20 Cousin Lane, London EC4R 3TE. Telephone 0171 236 7307, or fax 0171 489 1130, or E-mail wdickins@stephens.co.uk

STEPHENS
SELECTION

STEPHENS
LONDON EDINBURGH NEW YORK HONG KONG TOKYO SINGAPORE

TRANE™

INTERNATIONAL CAREER OPPORTUNITY

Our client, Trane Europe, is a leading supplier of high quality and technologically advanced air-conditioning systems and products. Trane is part of the world-wide American Standard organisation, a 5,2 billion $ company with 43.000 people worldwide, 2.000 in Europe. The Trane Company develops, produces and services systems for commercial, institutional and residential buildings and has a major marketshare in the large-system market. The basis of the Trane company in Europe is in Epinal (Vosges) France. In this area Trane has its major production-facilities and the European Headquarters. The Trane company is in the middle of a restructuring process to build a Pan-European organisation that can play a major role in all market segments. The HQ Financial Department (± 30 employees) in Epinal is responsible for all central financial functions (eg. financial analyses, reporting, performance- and risk management). For one of these functions, the central risk management, we are on behalf of Trane Europe, looking for a m/f

The position:

- You are responsible for the definition, implementation and execution of the European credit risk management policies.
- You maximise the credit and collection process by establishing Europe-wide *Billing* and *Account Receivable* systems.
- You implement performance measurement indicators to optimise cost control and risk management.
- You participate in on-going improvement projects to maximise financial performance (with B.U. controllers and the financial analyst).
- You manage a small HQ staff and four local Risk Managers; you report to the Director of Finance.

Trane Europe is looking for:

- An experienced professional in credit and risk management who can set the new standards.
- Someone with drive, high analytical skills and a focus on getting results.
- An excellent and mature communicator who understands the business and performs well under constant pressure.
- Academic level in finance and relevant international experience in industrial and/or construction environments.
- International mobility and willingness to relocate to Epinal.
- Fluency in English and French (possibly German); age from ± 35 years.

Trane Europe offers:

- An absolute challenging and demanding position in a reputable, solid and international organisation.
- The opportunity to use your knowledge and experience in implementing new systems to realize the growth-strategy.
- The chance to play a major role in a dynamic growing and multinational working environment in a very nice area of France.
- An excellent salary and complete benefits package.

Your international career?
Then send your letter of application with c.v. stating ref.nr. 106.963272 to
Mercuri Urval B.V.
Diemerhof 26F
1112 XN Diemen/Amsterdam
The Netherlands.

Mercuri Urval

SENIOR ANALYST

c.$100,000 + excellent benefits **LONDON**

Our client is a leading international provider of on-line global fixed income, equity and foreign exchange information, providing a full range of services with particular expertise in the analysis of the corporate, government and currency markets worldwide to over 1,500 institutional clients in over 50 countries. They are headquartered in New York with offices in London, Paris, Tokyo, Hong Kong and Singapore.

Owing to the strategic growth of the business, an exciting opportunity has arisen for a high-calibre and dynamic senior analyst to become an integral part of the well-established London team and to continue to expand the business further.

The Position

- Commentary and analysis on major deals or trends in the market.
- Construct detailed reports of new issues and provide information concerning future deals.
- Interface with the financial community to generate market information.
- Follow deals from mandate to pricing and into the after market.
- Outstanding career opportunities exist for management and growth within this meritocratic organisation for the right individual.

The Requirements

- Extensive experience in new issues and capital markets.
- First-class analytical and written skills.
- Team player with excellent interpersonal skills.
- Strong management skills.
- Highly motivated, determined and adaptable.
- Working knowledge of German or French would be advantageous.

Please send your CV with current salary details to: Sara Kenderdine-Davies, K/F Selection, 252 Regent Street, London W1R 6HL, quoting ref: 90240/A. Alternatively send by fax on 0171-312 0020 or by e-mail to cv@kfselection.com Internet Home Page: http://www.kfselection.com

K/F SELECTION
A DIVISION OF KORN/FERRY INTERNATIONAL

CJA RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 0171-588 3588 or 0171-588 3576
Fax No. 0171-256 8501

Opportunity to establish a small team and build a reputation in this developing area

HEAD OF EXPORT FINANCE

CITY OF LONDON **£70,000-£85,000 + BONUS**

MAJOR INTERNATIONAL GERMAN BANK

Our client is an active participant in global financial markets and a significant player in trade finance. The bank is expanding its international investment banking business in London and the product specialists develop their own business with UK and international customers, as well as working closely with the highly professional corporate banking teams. We invite applications from candidates with a minimum of 5-6 years' experience in export finance and a track record in originating, negotiating and closing structured trade finance transactions using export credit agency backed finance, suppliers' and buyers' credit, pre- and post-shipment financing, commodity trade finance, etc. Multi-sourcing capability and the ability to design and market innovative products at board level and to build a small team is essential. Initial remuneration is negotiable £70,000-£85,000 + bonus and good bank benefits package.

Applications in strict confidence under reference HEF5808/FT to the Managing Director, CJA.

Head of Russian Research and Senior Russian Analyst

MOSCOW

Our client is a top tier global investment bank with an extensive European office network. Its research, trading and sales operations for equity and equity related securities in Central/Eastern Europe and CIS is conducted through Société Générale European Emerging Markets Limited. They are now seeking to hire two equity research professionals to be based in their Moscow office.

Head of Russian Research

THE ROLE

- To provide multi-sectoral research for the corporate finance department and for investment clients.
- To provide high quality and detailed written company and sector research and monthly notes.
- Provide outstanding written evaluations and forecasts.
- Develop external relationships at senior level.
- To market the bank's products.

THE CANDIDATE

- Will be a graduate and an experienced equity research professional.
- Will have excellent and proven managerial skills.
- Will possess excellent understanding of the Russian equity markets.
- A knowledge of the energy and/or utilities sectors would be an advantage, but is not essential.
- Strong knowledge of the secondary market.
- Must be fluent in English. Russian would be an advantage. Ref 314599

Senior Russian Analyst

THE ROLE

- Will be expected to forecast, evaluate and publish concise and detailed research.
- Will be expected to develop detailed sector research product.
- Will assist the Head of Russian Research and be responsible for business in his/her absence.

THE CANDIDATE

- Will be a graduate with up to two years' equity research experience.
- Will have an excellent understanding of the Russian equity markets.
- Ideally have some knowledge of the energy and/or utilities sectors, although this is not essential.
- Must be fluent in English. Russian would be an advantage. Ref 314620

Both these roles offer excellent opportunities for long term career advancement in this challenging and exciting marketplace for individuals who possess the drive, ambition and commercial acumen, coupled with a desire to succeed in an increasingly demanding environment.

With 45,000 employees worldwide, 2,000 branches in France and 500 outlets in more than 70 countries, Société Générale, international banking group is active in every sector of banking and finance

GENERALE

Société Générale is regulated by the Securities & Futures Authority

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Singapore Sydney

If you are interested in either of the above positions, please contact Sarah Lee at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Telephone 0171 269 2307. Fax 0171 405 9649, quoting the appropriate reference number. All applications will be treated in the strictest of confidence.

EMERGING MARKETS SEARCH & SELECTION

Fund Manager

Central / Eastern Europe

Our client is a well-established fund management company which has a world class reputation in global emerging markets investment. With offices in London, Singapore and the US, its emerging markets business has grown significantly, both in terms of funds under management and geographical coverage.

Due to continued development of this area, the company wishes to appoint a London-based fund manager to cover the markets of emerging Europe, in particular Central / Eastern Europe and Russia.

Although candidates will preferably have a demonstrable track record of investing in these markets, applications will also be considered from those with proven expertise in developed European markets.

Candidates should:

- Have a minimum of 3 years' investment experience (individual registered member of IMRO) based on an investment approach focusing on stock selection
- Possess strong analytical, communication and portfolio management skills
- Be a graduate of a top tier university, ideally with further post-graduate qualifications such as CFA or IIMR
- Want to join a small enthusiastic team working in an environment where achievements are recognised

In addition, candidates should ideally speak one or more European languages such as German and Russian, and be willing to travel extensively.

HEAD-HUNTING

Attractive salary + performance related bonus **City**

Hogarth Davies & Lloyd is a specialised executive search firm working within investment banking and the law. As a result of continued expansion and an ever increasing volume of retained business from established clients the firm is looking to recruit additional market professionals to join them as both consultants and researchers. It continues to be the firm's policy to only recruit consultants who have a proven track record within investment banking.

Hogarth Davies & Lloyd is now looking to recruit a number of individuals at different levels of seniority who are currently working within one of the following areas of the City:

- **Equity sales/trading/research/syndication;**
- **Fixed income origination/syndication;**
- **Fixed income sales/trading/research;**
- **Corporate finance;**
- **Derivatives;**
- **Fund management;**
- **Foreign exchange;**
- **In-house legal/transaction management;**
- **Information technology;**
- **Compliance.**

The firm already practices in the majority of these areas and has established an impressive track record.

This is an exceptional opportunity for individuals looking for an exciting career change which will allow them to continue to use their City experience gained to date whilst also developing new skills within the head-hunting arena. Hogarth Davies & Lloyd is only interested in hearing from high calibre individuals who are excited by the opportunity on offer.

The salary and benefits package will be very competitive. To apply in complete confideoce please write with your CV to Hogarth Davies & Lloyd, Executive Search, Halton House, 20-23 Holborn, London EC1N 2JD Tel: 0171 404 7440 Fax: 0171 404 7663 E-mail: hdl@hdl.co.uk

HOGARTH DAVIES & LLOYD
EXECUTIVE SEARCH

Head of Special Funds/SPVs

Offshore Private Banking

Jersey **£ Excellent Package**

The Citibank Private Bank is one of the largest and most reputable, offering its clients the full resources of an unparalleled global network.

In developing new investment ideas for its clients, the Bank regularly establishes closed-end Funds and Special Purpose Vehicles (typically debt securitisations and off balance sheet financing), which are managed in Jersey. A high calibre individual is now being sought both to administer a portfolio of SPVs and to manage the small and highly professional department handling the Funds.

Key responsibilities will include:

- Liaising with lawyers and in-house specialists in developing any new Fund or SPV.
- Reviewing and commenting on legal documentation.
- Ensuring compliance with local regulatory and internal requirements.
- Ensuring effective management of the department.

The ideal candidate will be professionally qualified and have gained substantial experience in either a banking, legal or accountancy environment. Previous experience of working with either Funds or SPVs will be an advantage.

This position offers considerable responsibility in a challenging and dynamic environment. For the successful candidate an excellent remuneration package (including full relocation expenses) will be offered. Initial interviews will be held in London with all subsequent expenses paid for.

Interested candidates should contact the retained consultant, Richard Colgan at Michael Page City on 0171 269 2315. Alternatively write or fax, enclosing a full curriculum vitae, to Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Fax 0171 405 9649. Please quote reference 322216.

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Singapore Sydney

THE CITIBANK PRIVATE BANK
CITIBANK

CORPORATE TREASURY/TRADING.

Forex Trader. 2 Years Experience. Fluent English/French/German + Dutch. Univ Degree Maths/Science (Univ Charcage). Seeks new changing role in Corporate Treasury with International Company.

Write to Box A5033, Financial Times, One Southwark Bridge, London SE1 9HL

APPOINTMENTS WANTED

Guernsey - Channel Isles

Young, enthusiastic, Englishman, resident in Guernsey, seeks agencies/ sales/distribution opportunities in Guernsey. Commercial storage/fax/phone in place.

Fax: 01481 37030

Our FINCO (Finance & Countertrade) Department, offering trade and project finance services to private and governmental institutions, particularly in emerging markets is looking for an

INTERNATIONAL SENIOR COMMODITY AND TRADE FINANCE SPECIALIST

Mission:

- Identifying business opportunities in existing and new markets
- Structuring and performing complex trade finance packages on a custom-tailored basis
- Maintaining and developing contacts at all levels.

Requirements:

- Proven track record of international business achievement particularly in the field of countertrade, structured trade finance based on commodities
- Perfect mastering of banking techniques such as guarantees, collaterals, incoterms, etc.
- Dynamic and creative approach, large ability to conceive tailor made solutions
- Able to develop new business avenues in an autonomous way
- Skillful negotiator at all levels
- Ready to live abroad
- Complete fluency in French, Spanish and English

Candidates are requested to send their application with C.V. to Mr. Pierre André, Personnel Manager, ANDRE & Cie S.A., Ch. Messidor 7, CH - 1002 Lausanne

UK EQUITIES MANAGER

The Position

Portfolio Manager, reporting to Head of European Equities.

- Manage UK equity portfolio on a value driven stock selection basis.
- Work with the European team in identifying and researching investment themes.

Qualifications

- Minimum of 18 months' experience of UK equity markets.
- Strong academic credentials.
- Team player with good interpersonal and communication skills.
- This post may suit an individual currently employed as an analyst or assistant portfolio manager.

The Company

- UK subsidiary of major international financial services group with over $40bn under management.
- Rapidly expanding assets under management.
- Excellent investment track record.

A highly competitive salary and benefits package will be offered.

Please respond in writing to:
Talal Shakerchi, Head of European Equities,
Old Mutual International Asset Managers (UK) Limited, 2 Bartley Way, Hook, Hampshire, RG27 9XA.

OLD MUTUAL

A HOLDING COMPANY IN THE STATE OF QATAR HAS THE FOLLOWING VACANT POSITIONS

Credit Card Manager:

1. Minimum 7 years experience leading to a senior position in a credit card department.
2. Carry out market analysis.
3. Possess good marketing skills.
4. Good knowledge of all aspects of the business.

Insurance Manager:

1. Minimum 10 years experience leading to a senior position in an Insurance Brokerage Firm.
2. Ability to set up organisational and administrative procedures.
3. Possess good marketing skills.
4. Associate member of the Chartered Insurance Institute (ACII).

Attractive salary package is offered to the successful candidates.

Interested, Fax your full CV to:

GROUP INVESTMENT
Personnel Manager
Tel: 00-974 444 444 Fax 00974 445 474

EMERGING MARKETS SEARCH & SELECTION

Risk Manager

Our client is an international banking group with a leading presence in the global emerging markets. They are seeking to recruit a highly pro-active individual to work in the London-based Trading Risk Management unit.

The role is to monitor and support the Fixed Income, Local Markets, Currency and Derivative traders. This will include analysing and monitoring the traders' exposure across a wide range of products including those covering the emerging markets. The risk manager will be responsible for analysing and approving special and structured products, working as part of a team at the heart of the trading floor.

As well as being able to demonstrate the ability to operate in this environment the successful candidate should have:

- A professional qualification with approx. five years experience gained within a Fixed Income Capital Markets trading environment, with prior emerging market product experience being an advantage.
- Excellent interpersonal skills with the ability to communicate effectively in written and oral form with other business areas as well as with the traders.
- Extensive PC (spreadsheet) skills and an affinity with front and back office systems.

Our client is one of the more successful of the integrated global investment banks. Amongst their full range of Investment Banking products, Equities and Capital Markets in particular, have seen astonishing rates of growth in the past 12 months placing this bank in the top echelons of its peer group.

Senior Equity Derivatives Sales

Based London

Excellent Package

This is an excellent opportunity to develop and expand the bank's international institutional client relationships, selling global listed and OTC equity derivative products.

Responsibilities will include:-

- Account management of an existing client base
- Development of new business relationships
- Involvement in team management and in the overall strategy of the sales team
- Development of cross selling opportunities
- Supporting junior team members
- Co-ordination of derivative sales with the equity business

The successful candidate will be able to demonstrate a track record of successful long term account management and excellent teamwork skills. Aged 27 to 32, with an excellent academic background, training and 3-5 years experience of equity derivatives in a quality brokerage house, the ideal candidate will enjoy the prospect of continuing to actively sell to their own client base as well as train and develop others' skills and potential.

In line with the quality of this bank and the importance of finding the right person for this position, the remuneration package is excellent and amongst the most motivating in the business. A balance of salary and performance related bonuses as well as normal banking benefits will ensure that the right person is hired and retained.

For further details, please telephone Ben de Haldevang on 0171 628 5550 or fax your c.v. on 0171 628 5551.

Alternatively write to him with your full career details to: Richmond & Co, 5 St Helens Place, Bishopsgate, London EC3A 6AU.

RICHMOND & CO

EASDAQ

THE EUROPEAN STOCK MARKET

EASDAQ is a European stock market which is liquid, efficient and fair; where fast growing companies with international aspirations can raise capital from interested investors. EASDAQ is fully operational as of 30 September 1996. EASDAQ is a screen-based stock market enabling companies, intermediaries and investors to have direct access wherever they are located. Trading is safe and cost-effective, and companies benefit from a broad range of European investors.

As we are growing our business, we would like to fill the following position, based in Brussels:

Surveillance & Regulation Executive

JOB PROFILE

- Responsible for maintaining the day to day integrity of EASDAQ from trading through to settlement.
- Specify and develop surveillance systems and procedures which will enhance market integrity.
- Identify and report upon suspected insider trading, manipulation or other market abuses.
- Enforce the EASDAQ market rules and regulations.

REQUIREMENTS

- Fluency in English and at least one other European language.
- Several years of working experience in a similar environment and a reputation for integrity.
- You are probably in your early thirties, are computer literate, have analytical skills and a strong sense of professional pride.

Please write in confidence, with full career and salary details, to:
Anthony Preece, Head of Market Operations, EASDAQ
Rue des Colonies 56 box 15, 1000 Brussels, Belgium

NIKKO

A CAREER OPPORTUNITY IN PRIVATE BANKING

SENIOR RELATIONSHIP MANAGER – MIDDLE EAST

BAHRAIN

Nikko Bank (Switzerland) Ltd., a subsidiary of Nikko Securities, a leading securities house and investment bank, seeks a relationship manager to market private banking services to HIGH NET WORTH INDIVIDUALS in the Middle East.

A competitive range of investment products, and an established network of client contacts provide a foundation for a rapid expansion of business in the region.

Experience in providing investment advisory services and strong marketing skills together with an extensive network of contacts in the region are essential requirements for this position. Candidates must also be fluent in English and Arabic.

Please apply in writing to Ursula Schiesser or Gabi Bögli or call us for more detailed information.

NIKKO

Nikko Bank (Switzerland) Ltd.

ZURICH, Utoquai 55, P.O. Box, CH-8034 Zurich,
Tel. (++41) 1-259 91 11, Fax: (++41) 1-252 91 24

ORD MINNETT

Ord Minnett, one of Australia's consistently top ranked investment banks, is seeking an experienced professional for the following position in its London office:

EQUITY SALES PERSON

The applicant must have a strong research background in Australian equities, with at least three years analytical experience within the securities industry.

This position offers the right candidate an outstanding career opportunity with excellent prospects for promotion. An attractive remuneration package is offered.

Please send your CV and supporting details to:

Mr D.W. Garrard
Managing Director
Ord Minnett Limited
25 Copthall Avenue
London EC2R 7BP

Far Eastern Expertise Available

British expatriate with 30 years jewellery experience in the Far East and established contacts in Hong Kong, Japan, Philippines etc. Seeks management or representational opportunity. Particular strengths lie in building up a business. CV and references available upon request.

Fax: (852) 2132 2204
or write: GPO Box 3336, Hong Kong

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Nous désirons engager pour notre secteur d'activité **Gestion Institutionnelle**, plus particulièrement pour le service *Equity Team*, un(e)

gérant(e) senior

Description du poste:

- Contribution à la stratégie d'investissement actions internationales
- Gestion de portefeuilles actions internationales
- Support actif au développement clientèle, en collaboration étroite avec le groupe marketing
- Reporting

Profil recherché:

- 8 à 10 ans d'expérience comme analyste-gérant(e) institutionnel(le), spécialisé(e) sur les marchés actions internationales (priorité USA, Japon)
- Post-grade et/ou licence universitaire en économie/finance
- Diplôme ASAG constituerait un atout
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- Excellentes capacités de rédaction et de présentation orale
- Esprit de synthèse
- Être à même de s'intégrer dans une équipe

Nous offrons:

- D'excellentes opportunités de carrière dans un service en pleine expansion
- Des prestations sociales de tout premier ordre

Entrée immédiate ou à convenir.

Les offres manuscrites, accompagnées d'un curriculum vitae, copies de certificats et photographies, sont à adresser au Chef du Personnel; elles seront traitées avec la plus stricte discrétion.

11, rue de la Corraterie - 1211 Genève 11

Genève - Zurich - Vevey - Lugano - Londres - Amsterdam - Gibraltar
New York - Montréal - Hamilton - Tokyo - Hong Kong

PRIVATE CLIENT BROKER

London based

Our client, a prestigious US Investment bank, is looking for an experienced Broker to work in the Private Client Services Division covering the Middle East.

The following attributes are essential:

- Minimum of three years' experience in a US Investment Bank, covering European Equities plus two years' specialising in the Middle East
- Proven academic excellence, including a Master's degree in Business from a leading University
- Established Middle Eastern client base
- Must have first hand knowledge of Middle Eastern culture, preferably gained by extended periods of time spent there
- Fluency in English, Arabic and French
- Proven interpersonal and analytical skills

To apply, please write with a full CV to: Alastair Lyon, Confidential Reply Handling Service, Ref: 582, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

Applications will only be forwarded to this client, but please indicate any company to whom your details should not be sent.

ASSOCIATES IN ADVERTISING

Emerging Markets Opportunities for Investment Analysts

ARGENTINA • BRAZIL

Templeton is one of the world's largest investment firms, specializing in global investing. We manage over $60 billion in mutual funds and institutional accounts using a strict long-term value approach based on extensive bottom-up company research.

As an Investment Analyst, you will read and interpret financial statements, broker reports and other pertinent sources of investment information; analyze and recommend securities to Portfolio Managers; study and monitor securities markets, industry trends and company price trends; and analyze economic developments and forecast changes in business conditions and relationships.

Positions require a Bachelor's degree in Accounting, Finance or related area; 2+ years experience interpreting financial statements; proficiency in spreadsheet and word processing packages (Excel, Lotus and MS Word); Accounting/Auditing experience a plus; and good interpersonal skills. Must be able to travel on short notice (30-50% travel). Candidate must be a self-starter.

- **Positions in Argentina require fluency in Spanish.**
- **Positions in Brazil require fluency in Portuguese.**

We offer a highly competitive compensation and benefits package. Please send your resume with salary requirements in confidence to: Franklin Templeton Group; Human Resources Dept.; Job #PO36-02-PRO; 500 E. Broward Blvd., #2100; Ft. Lauderdale, FL 33394. Or FAX to (954) 527-2145.

Templeton

Member of the $145 billion Franklin Templeton Group of Funds

An Equal Opportunity Employer

Value Oriented Global Investing

RICHMOND

THE AMERICAN INTERNATIONAL UNIVERSITY IN LONDON

DIRECTOR OF FINANCE AND ADMINISTRATION
SALARY c £47,000 PA PLUS BENEFITS

Richmond is a dynamic, independent, not-for-profit, international university of 1,200 students with annual revenues circa £12m. It has campuses in Richmond and Kensington. It is fully accredited in the US and UK with students from 100 countries.

Based in Richmond, the Director will be a key member of the President's senior management team and will participate in strategic planning, setting financial priorities and budget development. The Director will have primary responsibility for expenditure control and fees collection, and will oversee administrative functions, such as property services, at both campuses.

Richmond seeks a person with relevant financial and managerial experience, knowledge of accounting and computerised financial management systems. A formal qualification in accounting is essential and an MBA or equivalent is desirable.

Excellent benefits package including car. The University is an equal opportunity employer. Application with a CV and three referees to Director Personnel Services, Richmond, The American International University in London, Queens Road, Richmond, Surrey, TW10 6JP. Tel: 0181 332 8237, Fax: 0181 332 0128.

HSBC Investment Banking

Member HSBC Group

International M&A and Corporate Advisory

London Based — £ Excellent Package

The HSBC Group, with headquarters in London, is one of the world's largest banking and financial services organisations, with an international network of more than 3,300 offices. Unrivalled financial resources, global reach and contacts, ensure that the HSBC Group is ideally placed to develop further its pre-eminent position.

HSBC Investment Banking is responsible for the advice and financing, equity securities, asset management and private banking activities of the HSBC Group. The Corporate Finance and Advisory department encompasses corporate advisory, M&A and International ECM activities. We are now looking to recruit a number of outstanding specialists for our international transaction teams.

This is an exceptional opportunity for individuals to develop further their experience across a wide range of international transactions, including the origination, structuring and execution of mergers and acquisitions for quoted and unquoted companies, equity offerings and privatisations.

Successful candidates will be exposed to HSBC Investment Banking's growing international client base, working closely with its industry specialists and network of international offices in 40 countries worldwide.

Candidates of the highest quality are sought:

- Graduates with up to five years Corporate Advisory, M&A or ECM experience gained within a leading financial institution. Exposure to a high profile range of transactions conducted on an international basis is essential.
- Fluency in a European language, in addition to English, is a distinct advantage.
- An excellent academic background and keen intellect. Mature, tenacious and energetic.
- An additional qualification such as an MBA would be advantageous.
- Team players with initiative, creativity and flair together with a high level of motivation and commitment.

Please send a full cv to: Stephen Grant, Morgan McKinley Associates, Ruskin House, 40/41 Museum Street, London WC1A 1LT.
Tel: 0171 404 4100 Fax: 0171 404 4334.

Morgan McKinley Associates

ACCOUNTANCY APPOINTMENTS

Head of Finance

Telecommunications

c.£45,000 + Excellent Bonus & Benefits **Central Scotland**

Outstanding opportunity for commercially-astute finance professional in successful, rapidly-expanding telecommunications company.

THE COMPANY
- One of the fastest-growing businesses in the UK; £25m turnover, aiming for £50m by 1998.
- Businesses in retail (25+ outlets), corporate sales, service and hire. Overseas subsidiary.
- Highly profitable, autonomously managed, superb reputation for quality and service.

THE POSITION
- Report to Managing Director. Management team appointment with Main Board potential. Possibility of equity participation in due course.
- Full financial planning, reporting and control for all business units. Manage, motivate and develop talented finance team.
- Develop MIS and business planning processes appropriate for nationwide expansion.

QUALIFICATIONS
- Qualified accountant, graduate calibre. Retail experience highly desirable. Leading-edge IT knowledge. Excellent cash management skills.
- Technically and intellectually outstanding; strong interpersonal skills. Proactive self starter. Confident in fast-moving sector.
- Ambitious, bottom-line motivated; an influencer able to prioritise staff and manage deadlines.
- Dynamic, energetic, committed. A hard-working, team-playing deliverer. Aged 30s.

Please send full cv, stating salary, ref LG61108, to NBS, 54 Jermyn Street, London SW1Y 6LX

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Investment Analysts

Distributors and Smaller Companies — City

Union Bank of Switzerland is one of the City's leading international financial institutions and one of only three AAA rated banks in the world. Our Equities Division is renowned for the quality and breadth of its research.

We wish to recruit two analysts for the following sectors:

Distributors
To assume responsibility for research coverage, to consolidate and build upon our existing franchise and strong corporate relationships.

An existing knowledge of the companies in the sector would be an advantage, but is not essential.

Small Companies
To research small healthcare stocks in which UBS has a strong franchise together with a portfolio of other small companies. Some experience of the healthcare sector would be a preference.

Successful candidates are likely to have at least 2 years' experience as an analyst in a broking house, but candidates with a background in fund management would be considered for this position.

In return for your experience and enthusiasm, we offer a varied, challenging career in a dynamic environment and a competitive remuneration package.

Please send full career details to:

James Younger
Personnel Department
UBS Limited
100 Liverpool Street
London EC2M 2RH

UBS Limited

ASSISTANT TREASURER

WITH POTENTIAL FOR SIGNIFICANT CAREER DEVELOPMENT

LONDON **SIX FIGURE PACKAGE**

- LucasVarity is one of the world's top ten suppliers of automotive systems and components and a major international force in the diesel engine and aerospace sectors. Turnover is £4.8 billion from operations in the UK, Continental Europe, the Americas and Asia Pacific.
- Formed from the merger of Lucas Industries in the UK and Varity Corporation in the US, the Group has embarked upon a programme of reorganisation, including the creation of a new Group HQ structure and corporate finance team.
- The Assistant Treasurer will make a major contribution to dealing with the treasury consequences of the merger, as well as having direct responsibility for treasury operations staff both in the UK and in overseas locations.
- Immediate challenges will include, in conjunction with the Group Treasurer, defining financial objectives and financing alternatives in the context of the business plans; working with the tax function on a major reorganisation of the corporate structure; management of foreign exchange and interest rate exposures; and bank relations.
- Candidates will be members of the ACT, or equivalent, with an appropriate degree or accounting qualification and several years experience in a senior treasury position within a substantial international corporation, preferably in the manufacturing sector. A period spent overseas would be highly advantageous.
- Experience must cover both UK and US capital and banking markets, as well as knowledge of developments in Asia. Personal qualities will include strategic thinking abilities, a preference for team working and excellent presentational skills.

Lucas VARITY

Please apply in writing quoting reference 1286
with full career and salary details to:
Nigel Bates
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.ghnet.co.uk/whitehead

Whitehead SELECTION
A Whitehead Mann Group PLC company

CHIEF FINANCIAL OFFICER

INTERNATIONAL PUBLISHING GROUP

SENIOR EXECUTIVE PACKAGE **LONDON BASED**

We seek to appoint a Chief Financial Officer (CFO) to the International Division of one of the world's major publishing groups. The CFO will be London based and will oversee the operations of a number of companies in the UK, Europe, Asia, Africa and Latin America. This new role will be highly visible within an extremely dynamic group of companies offering excellent long term career opportunities.

Functional responsibility will be both financial and operational. As well as streamlining and overseeing internal procedures, the individual will be required to deliver 'big picture' vision leading to strategic action: the Division's acquisition activities will be managed by the CFO. Financial reporting is to the Group's US-based head office. The role will require significant international travel.

The individual sought will be professionally qualified, will have at least ten years in a senior financial role and will have worked within a large multinational group. International in focus, you will have a direct, hands-on approach coupled with the ability to deliver strategy at group level. Communication skills and people management ability are critical and you will need to demonstrate success in managing relationships beyond direct line reports alone and across cultural boundaries.

Please write in strictest confidence to Mark Pilbrow, Knight Wendling Executive Search Limited, 140 Park Lane, London W1Y 3AA. Fax: 0171 355 1521.

KW SELECTION
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SKY

An Exceptional Opportunity in Strategic Financial Management

Germany £Excellent

British Sky Broadcasting (BSkyB) is the world's largest and most successful pay television group, operating a wide range of wholly owned channels and distributing and marketing others on behalf of third parties. This highly profitable [illegible] is one of [illegible] ...100. This outs[illegible] been achieved [illegible] culture.

[illegible] multinational [illegible] Group. BSkyB now [illegible] to strengthen its presence in [illegible] with the appointment of [illegible] finance professional.

management [illegible] improving the [illegible] financial information.

You will also play a [illegible]

[illegible] Manager level with [illegible] accounting firm [illegible] should [illegible] communic[illegible] eviden[illegible]

WALKER HAMILL

Interested applicants should write, in the strictest confidence to our retained consultants, Brian Hamill or Nick Brown, ACA, at Walker Hamill Executive Selection, forwarding a brief résumé quoting ref: BH 2690. All direct applications will be forwarded to Walker Hamill.

FINANCIAL REPORTING MANAGER

Premier European Investment Bank

City **c£50,000 plus bonus and banking benefits**

As a fully integrated investment bank and securities house with a significant global presence, our client is one of the most powerful of the European banks.

Owing to the ever increasing scale and complexity of the business, a dedicated Financial Reporting Manager is required to supplement the financial management team.

Managing a team of ten, you will be responsible for a number of legal entities covering all the securities, derivatives and banking businesses. This will involve regular group and local reporting. In addition, you will act as the main point of liaison with the middle office on operational and valuation issues as well as providing ongoing input on a range of issues covering such topics as transfer pricing and effective capital utilisation.

Aged in your late 20's or early 30's you will be a graduate, qualified accountant with considerable investment banking experience. This experience could have been gained with a similar institution in a financial management role, or alternatively within a Big Six accountancy firm.

This is a varied financial control role with excellent prospects for progression. As such you will require an eye for detail combined with broad commercial awareness. Excellent interpersonal skills will be essential in order to effectively manage the team and relationships with other departments. Innovative and lateral thinking problem solving abilities will be necessary in order to make the "added value" contribution that is expected.

To apply in strictest confidence, please write enclosing a CV, quoting ref: 228, to Tim Musgrave at The Bloomsbury Group, 2nd Floor, Bedford Chambers, Covent Garden, London WC2E 8HA, or alternatively telephone him on 0171 379 1100.

THE BLOOMSBURY GROUP
Search & Selection

International Project Accountants

Based London or Amsterdam c.£40-50,000 + benefits

Influence the pan-European accounting processes of a $multi-billion organisation

With a turnover exceeding $6 billion and operations in over 100 countries, Unisys is one of the most successful IT solutions providers in the world. Their global customer base includes clients in financial services, airlines, government agencies and communications. Already with subsidiary operations in fourteen European countries, Unisys is continuing to strongly develop its business.

They have recently established a European shared service centre to process financial and administrative transactions. This has created the following outstanding opportunities for International Project Accountants to influence a $multi-billion organisation that is facing a range of exciting new challenges.

Liaising with senior financial and operational management across Europe, you will be responsible for delivering re-engineered best practice processes and related systems.

With professional accounting qualifications and three to five years' experience, your track record must show your ability to work across European borders. Systems literacy along with standard desktop software is essential and ideally in an Oracle Financials environment. You must also be able to demonstrate your ability to complete projects within tight timescales.

This role involves extensive travel throughout Europe.

For candidates with the maturity and experience required, excellent packages are available.

To apply, please write with a full CV to: Catherine Atkins, The Response Handling Centre, TCS, 35 Garway Road, London W2 4QF. Tel: 0171 243 1176, quoting ref: CA/13337/FT. You may also apply via: http://taps.com/Unisys

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For further information please call:
Toby Finden-Crofts on +44 0171 873 3456

European Commercial Finance Opportunities

Automotive Sector — **South East**

Market-leading worldwide manufacturer and supplier to the automotive sector, with operations throughout Europe and the US. Part of a rapidly-expanding blue-chip multinational with turnover c.$10bn. Expansion has led to three key appointments in customer-focused operating division.

Business Planning Manager

THE POSITION — c. £50,000 + Car

- Develop operatiooal and strategic business planning. Champion achievement of operational objectives. Report direct to Finance Director.
- Develop strong partnership with operatiooal management. Evaluate business development proposals. Heavy involvemeot with remote manufacturing sites.
- Improve business performance reports and KPIs. Facilitate effective analysis and project evaluation. Manage up to ten staff.

QUALIFICATIONS

- Graduate calibre qualified accountant or MBA. Extensive business planning experience. Demonstrable track record in manufacturing.
- Highly commercial with significant operational experience. Strong systems knowledge.
- Strong leader and communicator. Mature, confident and results driven.

REF LG61117

Financial Systems Manager

THE POSITION — c. £50,000 + Car

- Manage and deliver financial and business systems infrastructure in support of organisational change. Report ro Finance and IT Director.
- Identify and develop systems to facilitate effective operatiooal performance, business informatioo and analysis. Work closely with operational management.
- Assess effectiveness and drive change in management reporting through contribution to and implementation of IT strategy.

QUALIFICATIONS

- Probably a qualified accountant or MBA. Strong understanding of database and transactional systems: hardware and software.
- Experience of managing implementation projects. Exposure to financial management and control in an international manufacturing environment.
- Ability to take a strategic view of IT development. Exceptional interpersonal skills a prerequisite.

REF LG61118

Engineering Controller

THE POSITION — c. £50,000 + Car

- Establish effective and proactive financial management for engineering development. Report to Finance Director.
- Champion commercial costing, business planning and management for new product development in a fast-changing environment. Manage overhead recovery.
- Extensive involvement with engineers, programme management and purchasing. Highly commercial brief.

QUALIFICATIONS

- Probably a qualified accountant or MBA. Background in manufacturing or engineering with extensive exposure to operations.
- Strong appreeiation of eeonomie drivers in engioeering or manufacturing. Knowledge of automotive an advantage.
- A proven manager, problem solver, planner and analyst. Excellent interpersonal skills.

REF LG61119

Please send full CV, stating salary and quoting relevant reference to NBS, 54 Jermyn Street, London, SW1Y 6LX

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Finance Opportunities

Romania — **Excellent Packages**

This unique UK based international consumer products group has experienced phenomenal growth in Eastern Europe in recent years. In particular, the group has a substantial manufacturing and distribution presence in Romania with leading market shares for its product ranges. The recent growth has created the requirement for two finance professionals to join the group at divisional level.

Financial Controller

Reporting to the Group Finance Director, the Controller will be a key member of a small retail management team with responsibility for the financial control and management of this new and fast growing business. This position will play a major role in driving forward business performance, together with improving operating efficiency. You will assess and implement improvements to the management information reporting, budgeting, planning and product performance analysis.

You will be ambitious to grow within a rapidly expanding business and show evidence of successful career progression, through the financial control management functions of a consumer product or retail services business. Your strengths will be in consolidation of multi-site accounts and financial analysis, in addition to which you will have experience with international or UK accounting standards. Having a strong academic background, combined with a career in developing economies, you will demonstrate integrity, thoroughness and dedication. Ref 319200.

Finance Manager

This is a rare chance to join the established and reputable group in a new start-up division focusing on financing services. The position carries the full responsibility for the set up, development and operational activities of the new subsidiary, reporting to the Group Finance Director. Initially, you will be tasked with managing the relationships with banks and financial institutions, initiating procedures and controls and building the team. With the development of this function, the role will grow to encompass the on-going assessment, monitoring and review of all credit activities.

An in-depth knowledge of Romanian accounting and law is essential in this role, ideally to be combined with western reporting experience, as well as fluency in Romanian. You will be focused, have a hands-on approach and have demonstrated an academic and career progression that indicates you can succeed in this challenging, yet highly rewarding position.
Ref 323060.

Both these positions represent a unique opportunity to join a young yet established group of companies in the thriving Eastern European region and offer the flexibility to grow its financial activities. Please send your curriculum vitae in strictest confidence, stating your daytime telephone number, details of salary package and quoting the relevant reference number, to Michelle Sochor at Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LH, UK, fax +44 (0) 171 404 6370 or telephone on +44 (0) 171 831 2000.

MP
Michael Page Eastern Europe
International Recruitment Consultants

VENTURE CAPITAL

Far East

Ho Chi Minh City/Bangkok — **US$ Ex-pat package**

Our client is the leading venture capital group in Indochina, currently managing and advising on some US$100m funds from offices in Hanoi, Ho Chi Minh City (Saigon) and Bangkok. Its primary role is to identify and make direct equity investments in greater Indochina, specifically Vietnam, Cambodia, Laos, Myanmar and Yunnan Province of China. A rare opportunity has arisen for two entrepreneurial young professionals to join the investment team. It will suit individuals with outgoing personalities, eager to participate in the growth of the private equity markets in emerging Indochina. Working in a small integrated team, the roles incorporate all aspects of the unlisted equity investment process from identification, analysis, negotiation, structuring and deal management, through investment monitoring and exit management.

Candidate Profile

- commercially aware Chartered Accountants or MBAs
- aged 25-32
- experience of corporate finance or venture capital transactions gained in a venture capital house, merchant bank, accountancy firm or a strategic management consultancy
- strong financial analysis, computer modelling and communications skills
- mature, gregarious, confident personality

Interviews will take place in London. Interested applicants should apply in confidence quoting reference CP/TC to:

THE BLOOMSBURY GROUP
Bedford Chambers, Covent Garden, London WC2E 8HA. Tel: +44 171 379 1100. Fax: +44 171 240 6362.

Group Internal Audit Manager

Circa £50,000 + Banking Benefits — **Independent UK Merchant Bank**

An excellent opportunity has arisen to join a long-established independent UK merchant bank to manage the internal audit function. Reporting to the Group CEO you will have levels of independence and visibility unlikely to be available in a larger organisation.

The bank provides a broad range of banking, asset management and trust services to wealthy individuals and their businesses. They are currently undergoing an exciting phase of development under a first rate and dedicated management team. They are now searching for someone who has the power to effect change and to develop the role.

The role is key to developing the strategy for the bank's audit function and will involve auditing all areas of the group, including banking, treasury, investment management and offshore trusts. The position will incorporate strategic and operational reviews, and involve some overseas travel.

You will report at the very highest level within the bank thus experience and gravitas are essential. However, it is also vital that you have sufficient tact and diplomacy to derive the most from relationships with more junior colleagues across the business. You will have a high level of support from senior management.

You will need to have a broad experience of financial services and internal audit. You must be self-reliant, able to prioritise and communicate your own objectives, identify critical business considerations, and then prepare and write your own reports. You will be directly involved in the presentation of recommendations and assist with the development of the business.

This opportunity is likely to offer you a greater level of responsibility, a higher level of exposure, and a wider range of assignments than you currently enjoy.

If you are keen to be considered please send your CV to Mark Wheatley (ref MW 507) at:
Parkwell Management Consultants, 8 Wilfred Street, London, SW1E 6PL or by fax on 0171-233 5205.
Alternatively please telephone 0171-630 8000 (daytime) or 0171-920 0311 (evening).

PARKWELL

US CORPORATE TAX MANAGER

London — **£65-85,000 + Car**

Our well established Multinational Taxation Services team (MTS) advises our multinational clients on international tax related issues. Permanently based in London, this team of US corporate tax specialists works alongside UK and European colleagues as part of an integrated team of tax advisers. Due to increasing transactional based work, we wish to appoint an additional manager to focus on the following:

- advising corporations on mergers and acquisitions
- international corporate reorganisations
- international tax planning
- development of financial instruments

You will have a minimum of 8 years experience of US and international corporate tax and have a background in a big '6' accountancy or equivalent law firm experience. This team is young, innovative and rapidly growing.

The dynamic London business environment provides excellent opportunities for challenging US and international tax work.

Please write in confidence to Karen Hart, Arthur Andersen, 1 Surrey Street, London WC2R 0PT.

ARTHUR ANDERSEN

Financial Controller

Latvia — **Attractive Package**

Our client is a world leader in the supply of construction materials. With a strong presence in the west, they are now looking to become a leader in Eastern Europe and as a result, are looking to recruit a high calibre Financial Controller for their Latvian operations.

Reporting to local management and the main Board, you will be responsible for setting up a financial reporting and computerised accounting system as well as developing cost accounting, investment monitoring, control and treasury functions.

To be considered, you will be a fully qualified accountant with at least 5 years commercial accounting experience, fluent Latvian and fluency in either English or German. You will also possess excellent interpersonal skills which will be required to develop and maintain good rapport whilst acting as an intermediary between local management and the shareholders of the company.

This is an excellent opportunity to join an international blue-chip organisation which operates on the principle of meritocracy and offers long-term career prospects to the right individual.

Interested applicants should forward a comprehensive curriculum vitae in strictest confidence to Natasha Krasnoff, Consultant at Michael Page Eastern Europe, Page House, 39 Parker Street, London WC2B 5LH quoting reference 321897 or fax + 44 (0) 171 404 6370.

MP
Michael Page Eastern Europe
International Recruitment Consultants

SANDBERG

FINANCIAL CONTROLLER

Messrs Sandberg, established in 1860, is an international firm of consulting engineers employing 220 staff specialising in materials including testing, inspection and quality management.

Due to the approaching retirement of an existing Partner, we are now recruiting a Financial Controller. In addition to managing the firms accounts and administration, the role will include advising the Partners on matters financial including long term strategic management.

The ideal candidate will be a qualified accountant with at least five years relevant experience in industry post qualification. A total package of approximately £40,000 is offered and it is hoped that the successful candidate would progress to Partnership.

Interested applicants should write to The Managing Partner, Messrs Sandberg, 40 Grosvenor Gardens, London SW1W 0LB.

APPOINTMENTS WANTED

FINANCE DIRECTOR
media and leisure

Aged 42, ACA, MBA, MA
Plc, City and small co. experience,
outgoing personality,
3 languages
seeks new challenge
Fax: 0171 243 1762

UK Financial Controller

Slough **c.50k + bonus + benefits**

Established in 1989, Tivoli Systems Inc is a technology leader and supplier of systems management software and services for customers implementing client/server computing. The European operation has experienced explosive growth in its first two year's of operation with offices in Switzerland and the UK.

Following our merger with IBM, we have combined our undisputed leadership in systems management technology with IBM's unmatched worldwide resources. We now require a talented finance professional who will play a key role on the UK management team to support our exciting growth plans.

Reporting to the International Controller, you will be fully accountable for all aspects of the finance and administration functions, including GAAP reporting and preparation of detailed management information. You will also be expected to add value to the commercial aspects of the business through advising on the pricing and financing of bids.

You will be a qualified accountant with a minimum of five years' relevant experience gained within a services environment, and ideally with knowledge of the software industry. First and foremost, you will be a hands-on self-starter, with a clear record of success in a similar role, capable of operating with minimum supervision, yet able to handle multiple reporting lines.

Tivoli Systems is, and will remain, a unique "start up" culture where high calibre people are well rewarded for delivering results in a fast-moving, committed, highly professional environment. If you believe you can convince us you have the necessary skills, please send a CV, quoting reference number 1216A5, including salary details and where possible a daytime telephone number to our advising consultants, Goodman Graham, 8 Beaumont Gate, Shenley Hill, Radlett, Herts WD7 7AR. Fax: +44 (0) 1923 854791. E-mail: GGA@goodgram.demon.co.uk

Tivoli
Making Client/Server Work™

Group Management Accountant

ACA 2-5 years PQE
c£35,000 + Bonus + Car M3 Corridor, Surrey

Dunlop Slazenger International needs little introduction. Its globally renowned portfolio of brands - Dunlop, Slazenger, Maxfli and Carlton - speak for themselves. A world leader in the manufacture and distribution of sports clothing and equipment, our client turns over £300m and operates through thirty units worldwide. As part of an ongoing strategy of change, innovation and growth, moreover, it is now moving into a new Head Office and strengthening its finance function.

This is a key appointment. Reporting to the Group FC, the Management Accountant will be responsible for producing consolidated management information, reviewing the performance of the operating units, participating in the budgeting process and undertaking capital expenditure appraisals. This will entail close liaison with the overseas operations and occasional international travel.

Candidates should be recently qualified ACAs with ambition, commitment and commercial flair. Trained in a major firm, you will now ideally be working in the finance function of a progressive, international business. For someone who combines sound technical and pc skills with top level credibility, this represents a rewarding, career development opportunity in a forward looking environment.

Please reply in confidence, enclosing your CV and current salary details to Paul Carvosso, Howgate Sable & Partners, 35 Curzon Street, London W1Y 7AE, quoting ref: F.T.372.P. Visit our web site at http://www.topjobs.co.uk

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Executive Search and Selection

London • Manchester • Leeds • Newcastle

Head of Investment Analysis

Global Entertainment

London

Excellent package, car, benefits

Synonymous with quality and excellence in Radio and Television the **BBC** can claim to be the world's foremost public service broadcaster and the UK's largest exporter of audio visual material. It has a turnover approaching £3 billion. To retain its competitive advantage in the digital age, it is investing heavily in key areas of business development and new technology. This new high profile role will be instrumental in ensuring that all major investment (capital and revenue) helps to achieve the BBC's ambitious objectives. Specifically you will:

- Produce, implement and monitor investment guidelines, providing advice at Board level
- Analyse investment proposals for financial and non-financial payback
- Review and appraise proposals for fit with wider business strategy
- Make appropriate recommendations on investment proposals, objectively and convincingly across the organisation

Interaction at the most senior levels demands a combination of the sharpest business and analytical mind with the highest calibre presentation and interpersonal skills. In addition to a wealth of investment analysis experience you demonstrate real business understanding with the ability to apply this in appraising high profile investment projects.

The issues facing this creative and demanding environment are complex and diverse. To work and influence effectively will therefore require a high level of intellect and enormous stamina.

Interested candidates should write with full CV, quoting current rewards package to Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY. Tel: 0171 430 9000, Fax: 0171 405 5995 quoting ref: HKW/7681/FT.

INVESTOR IN PEOPLE

Hoggett Bowers
Executive Search & Selection

THE PSD GROUP

UK Equity Sales

UBS Mid 250 Unit City

Union Bank of Switzerland is one of the City's leading international financial institutions and one of only three AAA rated banks in the world. Our Equities Division is renowned for the quality and breadth of its research.

UBS is the only investment bank to have a specialist team dedicated to the Research, Sales and Trading of UK medium-sized companies working alongside our mainstream Equities business. Established two years ago, the UBS Mid 250 team has received strong recognition from investors and companies. Due to its success we now seek an additional salesperson to join the team.

The successful candidate is likely to have at least 5 years' experience in Equities, Sales or Research. He/she will be a self-starter with a proven record of innovation.

This is a unique and challenging position and will entail marketing UBS Mid 250 ideas and research to specialist and general fund managers in both the UK and overseas. The candidate will also be expected to contribute to the research process, particularly with regard to the generation of thematic research for medium-sized companies.

In return for your experience and enthusiasm, we offer a varied, challenging career in a dynamic environment and a competitive remuneration package.

Please send full career details to:

James Younger
Personnel Department
UBS Limited
100 Liverpool Street
London EC2M 2RH

UBS Limited

'IT Audit - Improving Business Performance'

We have been retained by a leading European investment bank which offers a range of services including corporate finance, equities, financing, treasury and investment management on a global basis. All of their operations depend upon the most effective use of Information Technology and as an IT auditor you have the opportunity to play a key role. The global reach of the group and their commitment to constant improvement and evaluation of their IT support ensures that there are unsurpassed opportunities for career advancement.

The audit team operates from London with wide ranging international responsibilities. Their assignments cover a broad range of audit and business consultancy projects. All work is handled by teams assembled to meet the specific needs of each assignment. Consequently all members enjoy significant levels of responsibility and a broad range of work experience. The expansion of the audit team is being driven by a number of 'state of the art' IT developments across a wide range of strategic applications.

IT Audit Manager to £50,000 + Banking Benefits

Reporting to the Head of IT Audit, you will be responsible for leading and performing a range of assignments. Your responsibilities will include taking a strategic overview of IT organisation and management, planning and development issues.

Your input will be required to support networks and communications planning, business continuity planning, legal and regulatory issues. As a senior team member you will also address environmental control and fraud risks at both strategic and tactical levels.

To succeed in this role you will need extensive experience of IT audit related activities in invesment banking and first rate communication skills to present complex issues to colleagues with varying degrees of technical experience.

IT Auditor - ACA to £40,000 + Banking Benefits

Your main role will be to plan and perform audits of application systems in all areas of the group. This will include documenting, evaluating and reporting on the systems, whilst working closely with a team focused on internal controls, compliance and regulatory matters.

In particular you will assist in raising awareness of application systems risks and controls, addressing such matters as IT development and change management for a wide variety of systems.

You will need to be a chartered accountant with upwards of one year of experience in IT audit including application system reviews, risk-based audit work and ideally some knowledge of investment banking.

To succeed in the audit team you will need to be flexible, bright, exceptionally dedicated, and able to get on with people at all levels within the organisation.

**Please send your CV to Mark Wheatley, Parkwell Management Consultants, 8 Wilfred Street, London, SW1E 6PL or by fax on 0171 - 233 5205.
Alternatively please telephone him on 0171 - 630 8000 (daytime) or 0171 - 920 0311 (evening).**

PARKWELL

EQUIFAX EUROPE

DIVISIONAL FINANCIAL CONTROLLER

Strong Commercial Input

London **£50,000, Car, Benefits**

Equifax in Europe has grown from £8 million turnover in 1990 to in excess of £100 million through acquisitive and organic growth. A subsidiary of Equifax Inc., a US corporation with a turnover in excess of $1.5 billion, employing 14,000 people world-wide, the Company supplies consumer, business and asset information to a wide variety of blue chip and other companies and individuals. Reporting to the Group Finance Director, the successful candidate needs to be proactive in advising and guiding operational management on business issues and commercial strategy. Given the strategic involvement of this role, it is essential that the successful candidate has strong commercial skills, is a good communicator and is capable of working in a dynamic environment. Energy, drive, a degree and professional accountancy qualification are essential. This appointment is being handled exclusively by Hitchenor Maher, please reply in writing quoting reference FT9615411, to 27 York Place, Leeds LS1 2EY. Tel: 0113 247 0170. Fax: 0113 247 0191. Email: ft9615411@hitch-maher.co.uk. website: www.hitch-maher.co.uk

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Financial Recruitment
Offices in Leeds & Manchester

ASSISTANT FINANCIAL CONTROLLER

A key role at the heart of an ambitious growing business

c£35K + Car + Benefits **London**

Our client is the UK subsidiary of a leading international supplier of high quality design led products to businesses (turnover of £20m).

With products manufactured in Europe, the prime focus in the UK is sales and marketing and they have ambitious plans to replicate their strong growth of recent years. These plans demand the appointment of an Assistant to the Financial Director.

Your responsibilities will include the management of the accounting function, management accounting, forecasts and budgeting, statutory accounts and supporting IT developments.

You will be a chartered accountant (CIMA or ACA) with at least 2 to 3 years PQE experience in a commercial environment. Your analytical and communication skills will be amongst your strengths and you will be keen to enhance your career in this high profile role that will expose you to every element of the company and the business planning process. You will have relevant IT experience and a full understanding of IT systems.

To apply send a CV in strictest confidence quoting your current salary and reference SF/AFC to, Mercuri Urval Ltd, Spencer House, 29 Grove Hill Road, Harrow, Middlesex HA1 3BN; Tel: 0181 863 8466.

Mercuri Urval

CURRENCIES AND MONEY

French banker shakes franc and D-Mark

MARKETS REPORT

By Simon Kuper

The D-Mark and the French franc slipped yesterday after Mr Jean-Pierre Gerard, a member of the Bank of France's monetary council, called for the dollar to rise against the two currencies.

His comments followed appeals by other French politicians and policymakers for a weaker franc. They see this as a way of reducing high French unemployment.

But traders did not believe that the Paris government would devalue against the D-Mark. The franc's dip and the dollar's gains against the D-Mark were therefore slight. Trading was again quiet, with the US markets shut for Thanksgiving.

The franc dropped from FFr3.386 against the D-Mark to FFr3.398 in London yesterday. That was an unusually sharp fall, given the tight range in which the two currencies trade. But it was far too slight to suggest a challenge to the 2.25 per cent fluctuation band which France is believed to regard as its unofficial target in the run-up to European monetary union. The markets seem to have decided that Paris would successfully resist any attack on this band. Mr Jean Arthuis, French finance minister, spoke in support of the *franc fort* after London trading had closed.

Mr Gerard's comments also hit the D-Mark, by creating fears that France would persuade the Bundesbank to allow both the German and French currencies to fall against the dollar. But the D-Mark also dipped only slightly, closing 0.5 pfennigs lower against the dollar at DM1.532. Traders believe Germany and the US will give little ground to French calls for a stronger dollar.

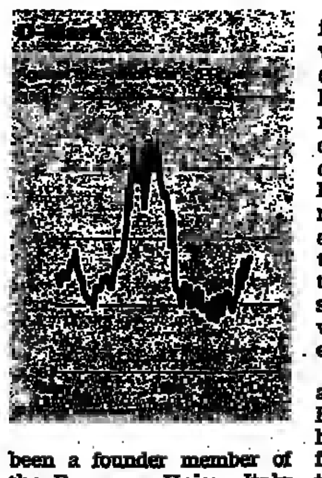
■ Pound in New York

Nov 27	—Close—	—Prev. close—
£ spot	1.6785	1.6715
1 mth	1.6773	1.6705
3 mth	1.6746	1.6680
1 yr	1.6692	1.6632

Sterling and the lira also benefited from Mr Gerard's interview. As the D-Mark softened, the pound rose 2 pfennigs to DM2.574. Sterling was also boosted by Mr William Waldegrave, UK Treasury secretary, who told the House of Commons: "We do not maintain a target for the exchange rate and do not intend to do so." This implied the government would take no action to curb sterling's rise, even if the currency's strength hit UK exports.

Sterling climbed 0.6 cents against the dollar to $1.68. Against a trade weighted basket of currencies, the pound rose from 93.2 to 93.8 per cent of its 1990 level.

The lira jumped L5 against the D-Mark to L986.4, its highest level for more than two years. It was helped by Mr Gerard's comment that Italy should join EMU in the first stage because it had



been a founder member of the European Union. Italy rejoined the European exchange rate mechanism on Sunday night at a central parity rate of L990 to the D-Mark.

■ Few currency strategists believe that calls by French policymakers for a weaker franc will lead to any change in policy. The strategists say that if France devalued the franc against the D-Mark, it would be implying that the decade-old *franc fort* policy had been a mistake. Such a move would also cast doubt on whether EMU could occur, if the states at the heart of the process could not maintain a fixed mutual exchange rate. "If they were to abandon the *franc fort*, the outcome would be to scupper EMU," said Mr Peter von Maydell, senior currency economist at UBS in London.

Mr Gerard appeared to acknowledge this yesterday. His interview suggested that his first preference would be for the D-Mark and the franc to fall together against the dollar. That matched Wednesday's statement by Mr Alain Juppe, French prime minister, that he would ask the G7 to raise the issue of a stronger dollar.

Mr Gerard said the dollar could be boosted by cutting interest rates in France and Germany. But he added: "We have little influence on German monetary policy." Currency strategists agreed, pointing out that the Bundesbank's brief is to prevent inflation, not to manage exchange rates. The bank would therefore probably refuse to cut rates just to help France.

Nonetheless, France may gain some satisfaction. With Germany's economic recovery faltering, SBC Warburg now predicts a 50 basis point cut in German interest rates in the next three months. That should boost the dollar, though not by the 10 per cent margin that France seems to be seeking.

■ OTHER CURRENCIES

Nov 28	£	$
Czech Kr	45.3344 - 45.3850	26.9800 - 27.0090
Hungary	268.341 - 268.593	157.680 - 158.010
Iran	5042.40 - 5038.40	3000.00 - 3000.00
Kuwait	0.5021 - 0.5032	0.2989 - 0.2994
Poland	4.7632 - 4.7678	2.8375 - 2.8405
Russia	9257.35 - 9267.55	5511.00 - 5514.00
U.A.E.	6.1666 - 6.1735	3.6728 - 3.6738

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POUND SPOT FORWARD AGAINST THE POUND

Nov 28		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	18.1106	+0.137	017 - 194	18.1371	18.0165	18.0571	2.9	18.0105	2.2	-	-	104.4
Belgium	(BFr)	53.0281	+0.3984	809 - 718	53.1020	52.7600	52.9011	2.6	52.6361	2.9	51.4411	3.0	105.3
Denmark	(DKr)	9.8693	+0.0849	648 - 739	9.8998	9.8272	9.8494	2.4	9.8089	2.5	9.6589	2.4	105.7
Finland	(FM)	7.7194	+0.0835	108 - 280	7.7550	7.6780	-	-	-	-	-	-	84.2
France	(FFr)	8.7330	+0.0818	304 - 373	8.7826	8.6772	8.7192	2.9	8.6715	2.9	8.4687	3.1	107.5
Germany	(DM)	2.5735	+0.0165	723 - 746	2.5780	2.5590	2.567	3.0	2.5537	3.1	2.4699	3.2	107.2
Greece	(Dr)	404.992	+3.07	714 - 191	405.013	401.855	-	-	-	-	-	-	67.1
Ireland	(I£)	0.9990	+0.0007	981 - 000	0.9997	0.9981	0.9987	0.4	0.9977	0.5	0.9911	0.8	102.9
Italy	(L)	2539.52	+7.42	767 - 137	2549.23	2535.82	2548.32	-1.6	2560.82	-1.8	2565.52	-0.8	77.8
Luxembourg	(LFr)	53.0281	+0.3984	809 - 713	53.1020	52.7600	52.9011	2.6	52.6361	2.9	51.4411	3.0	105.3
Netherlands	(Fl)	2.8871	+0.0222	857 - 885	2.8920	2.8725	2.8792	3.2	2.8638	3.2	2.7903	3.4	105.3
Norway	(NKr)	10.7498	+0.0349	447 - 544	10.8111	10.6785	10.7371	1.4	10.7171	1.2	10.6121	1.3	98.8
Portugal	(Es)	260.098	+2.251	949 - 189	260.468	255.887	260.264	-0.9	260.894	-0.6	-	-	95.3
Spain	(Pta)	216.851	+1.835	745 - 956	216.998	215.005	217.018	-0.9	217.246	-0.7	217.246	-0.2	78.6
Sweden	(SKr)	11.2607	+0.0077	510 - 705	11.2728	11.1788	11.2395	0.1	11.2599	0.1	11.2445	0.1	88.8
Switzerland	(SFr)	2.1750	+0.015	735 - 765	2.1795	2.1660	2.1669	4.4	2.1517	4.3	2.0802	4.4	105.9
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	93.8
Ecu	-	1.3357	+0.008	329 - 344	1.3362	1.3262	1.3318	1.9	1.3274	1.9	1.3059	2.1	-
SDR†	-	1.158504	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6801	+0.007	795 - 806	1.6814	1.6762	-	-	-	-	-	-	-
Brazil	(R$)	1.7351	+0.0075	344 - 358	1.7364	1.7288	-	-	-	-	-	-	-
Canada	(C$)	2.2642	+0.0119	627 - 657	2.2665	2.2562	2.2591	2.7	2.2492	2.5	2.1892	3.6	85.6
Mexico	(New Peso)	13.2450	+0.052	368 - 531	13.2536	13.2202	-	-	-	-	-	-	-
USA	($)	1.6803	+0.0067	798 - 808	1.6817	1.6745	1.6794	0.6	1.6767	0.6	1.661	1.1	97.3
Pacific/Middle East/Africa													
Australia	(A$)	2.0718	+0.009	705 - 730	2.0766	2.0664	2.0731	-0.8	2.0736	-0.4	2.0734	-0.1	98.1
Hong Kong	(HK$)	12.9923	+0.0516	880 - 966	13.0027	12.9481	12.985	0.7	12.9711	0.7	12.8085	0.7	-
India	(Rs)	60.0297	+0.2427	698 - 896	60.0836	59.6280	-	-	-	-	-	-	-
Israel	(Shk)	5.4891	+0.0121	917 - 764	5.4926	5.4621	-	-	-	-	-	-	-
Japan	(Y)	190.933	+1.23	782 - 073	191.220	189.780	190.003	5.8	188.148	5.8	178.733	5.9	129.0
Malaysia	(M$)	4.2444	+0.017	425 - 462	4.2506	4.2251	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3808	+0.0078	683 - 713	2.3735	2.3601	2.3785	-3.4	2.386	-2.7	2.4098	-1.5	111.5
Philippines	(Peso)	44.1541	+0.1695	987 - 714	44.1714	44.1357	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.3020	+0.0251	999 - 040	6.3070	6.2804	-	-	-	-	-	-	-
Singapore	(S$)	2.3554	+0.0094	542 - 565	2.3589	2.3480	-	-	-	-	-	-	-
South Africa	(R)	7.6916	+0.0759	851 - 981	7.6981	7.6407	-	-	-	-	-	-	-
South Korea	(Won)	1392.55	+3.71	205 - 305	1394.31	1387.88	-	-	-	-	-	-	-
Taiwan	(T$)	46.1906	+0.1686	760 - 052	46.2283	46.0320	-	-	-	-	-	-	-
Thailand	(Bt)	42.9085	+0.2422	853 - 276	42.9340	42.7380	-	-	-	-	-	-	-

† Rates for Nov 27. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Nov 28		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P. Morgan Index
Europe													
Austria	(Sch)	10.7782	+0.0387	761 - 802	10.8010	10.7360	10.7248	1.6	10.7182	2.2	10.5232	2.4	104.4
Belgium	(BFr)	31.5575	+0.1105	400 - 750	31.6170	31.4380	31.387	2.6	31.37	2.4	30.88	2.3	105.2
Denmark	(DKr)	5.8735	+0.0192	725 - 745	5.8865	5.8551	5.8494	1.6	5.8462	1.9	5.7645	1.9	106.2
Finland	(FM)	4.5941	+0.0017	903 - 970	4.6171	4.5804	4.5836	2.3	4.5868	2.4	4.4841	2.4	83.6
France	(FFr)	5.1975	+0.028	973 - 985	5.2105	5.1715	5.1615	1.9	5.1715	2.0	5.0958	2.0	107.5
Germany	(DM)	1.5318	+0.0055	313 - 318	1.5348	1.5261	1.5232	2.3	1.5228	2.3	1.498	2.2	108.9
Greece	(Dr)	241.000	+0.87	950 - 070	241.850	239.200	241.895	-7.6	245.125	-6.8	256.15	-6.3	66.9
Ireland	(I£)	1.6820	+0.0055	810 - 830	1.6840	1.6770	1.6781	0.3	1.6812	0.2	1.6793	0.2	102.9
Italy	(L)	1511.35	-1.62	070 - 200	1520.40	1510.35	1513.14	-2.5	1520.05	-2.5	1534	-1.5	77.5
Luxembourg	(LFr)	31.5575	+0.1105	400 - 750	31.6170	31.4380	31.387	2.3	31.37	2.4	30.88	2.3	105.2
Netherlands	(Fl)	1.7182	+0.0054	179 - 185	1.7214	1.7121	1.703	2.7	1.7084	2.7	1.6709	2.8	105.2
Norway	(NKr)	6.3974	+0.0038	964 - 984	6.4430	6.3855	6.3084	0.7	6.358	0.6	6.3624	0.5	98.8
Portugal	(Es)	154.775	+0.725	750 - 800	155.000	152.350	154.255	-1.8	155.275	-1.3	158.05	-0.8	95.6
Spain	(Pta)	129.055	+0.38	050 - 060	129.210	128.540	128.855	-1.7	129.455	-1.2	130.18	-0.8	78.5
Sweden	(SKr)	6.7015	+0.0136	978 - 053	6.7053	6.6599	6.6872	0.5	6.689	0.6	6.6418	0.8	86.7
Switzerland	(SFr)	1.2944	+0.0038	939 - 949	1.2989	1.2920	1.2888	3.6	1.2828	3.5	1.2469	3.4	107.6
UK	(£)	1.6803	+0.0067	798 - 808	1.6817	1.6745	1.6727	0.6	1.6767	0.6	1.661	1.1	93.1
Ecu	-	1.2600	-0.0025	595 - 603	1.2627	1.2569	1.2638	-1.3	1.2645	-1.4	1.2811	-1.7	-
SDR†	-	0.690591	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	+0.0002	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0326	+0.0003	325 - 327	1.0327	1.0318	-	-	-	-	-	-	-
Canada	(C$)	1.3475	+0.0017	470 - 480	1.3500	1.3463	1.3451	2.1	1.3401	2.2	1.3126	2.6	85.1
Mexico	(New Peso)	7.8825	-0.0005	800 - 850	7.8880	7.8800	8.0005	-18.0	8.267	-10.5	0.1275	-15.8	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	98.0
Pacific/Middle East/Africa													
Australia	(A$)	1.2330	+0.0005	326 - 333	1.2358	1.2326	1.2345	-1.5	1.2364	-1.1	1.2410	-0.7	97.8
Hong Kong	(HK$)	7.7322	-0.0001	319 - 324	7.7324	7.7310	7.7321	0.0	7.7326	0.0	7.7457	-0.1	-
India	(Rs)	35.7250	-0.002	070 - 470	35.7720	35.6970	35.937	-7.2	36.397	-7.6	-	-	-
Israel	(Shk)	3.2648	-0.0058	614 - 582	3.2695	3.2493	-	-	-	-	-	-	-
Japan	(Y)	113.630	+0.28	580 - 680	113.800	113.150	113.155	5.0	112.15	5.2	107.95	5.0	128.6
Malaysia	(M$)	2.5260	-	255 - 265	2.5265	2.5250	2.5288	-1.4	2.5342	-1.3	2.5555	-1.2	-
New Zealand	(NZ$)	1.4103	-0.001	096 - 108	1.4108	1.4068	1.4158	-4.7	1.4201	-2.8	1.4518	-2.9	-
Philippines	(Peso)	26.2775	-0.0075	750 - 800	26.2800	26.2750	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	504 - 506	-	-	3.7508	-0.1	3.7512	-0.1	3.7531	-0.1	-
Singapore	(S$)	1.4018	-	015 - 020	1.4021	1.4015	1.3996	1.8	1.395	1.8	1.3736	2.0	-
South Africa	(R)	4.5775	+0.027	750 - 800	4.5800	4.5535	4.6182	-10.7	4.6932	-10.1	5.008	-9.4	-
South Korea	(Won)	828.750	-1.1	700 - 800	829.800	828.700	-	-	-	-	-	-	-
Taiwan	(T$)	27.4895	-0.0105	806 - 800	27.4920	27.4870	27.4898	0.0	27.4898	0.0	-	-	-
Thailand	(Bt)	25.5350	+0.0425	300 - 400	25.5400	25.4900	25.625	-4.2	25.7925	-4.0	26.43	-3.5	-

† SDR rate per $ for Nov 27. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Nov 27: Base average 1990=100.

WORLD INTEREST RATES

MONEY RATES

November 28	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3¼	3¼	3⅜	3¼	3⅜	6.00	2.50	-
France	3⅜	3⅜	3⅜	3⅜	3⅜	3.20	-	4.75
Germany	4⅛	3¼	3⅜	3⅜	3⅜	4.50	2.50	3.00
Ireland	5⅝	5⅝	5⅝	5⅝	5⅝	-	-	6.25
Italy	8⅝	7⅞	7⅞	7	6⅞	6.00	7.50	8.05
Netherlands	2⅜	2⅜	3	3⅛	3⅛	-	3.00	3.30
Switzerland	1⅝	2	1⅞	1⅞	2⅛	-	1.00	-
US	5⅜	5⅜	5⅜	5⅜	5⅝	-	5.00	-
Japan	½	½	½	½	⅝	-	0.50	-
■ $ LIBOR FT London Interbank Fixing	-	5⅜	5⅜	5⅜	5⅝	-	-	-
US Dollar CDs	-	4.96	5.08	5.12	5.24	-	-	-
ECU Linked Ds	-	4⅜	4⅜	4⅝	4⅝	-	-	-
SDR Linked Ds	-	3⅜	3⅜	3⅜	3⅝	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Nov 28	Short term	7 days notice	One month	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.45	96.46	-	96.47	96.43	15,891	37,924
Mar	96.57	96.61	+0.02	96.62	96.57	24,066	56,821
Jun	96.35	96.41	+0.03	96.41	96.35	7,155	33,633

■ THREE MONTH EUROMARK FUTURES (LIFFE) DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.76	96.77	+0.02	96.78	96.74	22223	205835
Mar	96.77	96.81	+0.04	96.84	96.75	20142	203642
Jun	96.65	96.71	+0.05	96.74	96.64	16943	169309
Sep	96.47	96.53	+0.05	96.57	96.46	10865	138287

■ ONE MONTH EUROMARK FUTURES (LIFFE) DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.70	96.71	+0.01	96.71	96.70	651	8145
Jan	96.82	96.84	+0.01	96.85	96.82	1111	1443
Feb	-	96.84	+0.01	-	-	0	1735
Mar	-	96.82	+0.01	-	-	0	980

■ THREE MONTH EUROLIRA FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	92.87	92.91	+0.02	92.95	92.83	8473	69169
Mar	93.54	93.55	+0.01	93.57	93.47	9861	75772
Jun	93.82	93.85	-	93.88	93.80	2335	45269
Sep	93.89	93.94	-0.02	93.95	93.89	1786	27302

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	97.80	97.86	+0.05	97.97	97.88	2768	26182
Mar	97.88	97.97	+0.05	97.90	97.87	5871	32678
Jun	97.71	97.81	+0.07	97.82	97.70	821	16260
Sep	97.47	97.57	+0.08	97.55	97.48	163	6856

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	99.47	99.47	-	99.47	99.47	131	n/a
Mar	-	99.45	+0.03	-	-	0	n/a
Jun	-	99.33	+0.05	-	-	0	n/a

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.82	95.84	+0.02	95.84	95.82	1139	8081
Mar	95.85	95.87	+0.03	95.87	95.85	326	6763
Jun	95.82	95.86	+0.03	95.86	95.82	46	3625
Sep	95.78	95.78	+0.03	95.78	95.78	35	3153

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
9275	0.21	0.86	1.20	0.05	0.06	0.09
9300	0.05	0.65	0.88	0.14	0.10	0.12
9325	0.01	0.45	0.78	0.35	0.15	0.17

Est. vol. total, Calls 536 Puts 550. Previous day's open int., Calls 125386 Puts 97713

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Nov 28		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.61	16.47	4.854	1.884	4788	5.444	20.27	490.5	408.8	21.23	4.101	1.886	4.269	3.168	358.9	2.514
Denmark	(DKr)	53.73	10	8.850	2.608	1.012	2573	2.925	10.89	263.6	219.7	11.41	2.204	1.013	2.294	1.702	192.8	1.351
France	(FFr)	60.72	11.30	10	2.947	1.144	2907	3.305	12.31	297.8	248.2	12.89	2.490	1.145	2.592	1.924	217.9	1.526
Germany	(DM)	20.60	3.834	3.393	1	0.388	986.4	1.122	4.178	101.0	84.23	4.375	0.845	0.389	0.880	0.653	73.93	0.516
Ireland	(I£)	53.08	9.878	8.743	2.577	1	2542	2.890	10.76	260.4	217.0	11.27	2.177	1.001	2.268	1.682	190.5	1.334
Italy	(L)	2.089	0.389	0.344	0.101	0.039	100.	0.114	0.423	10.24	8.536	0.443	0.086	0.039	0.089	0.066	7.495	0.053
Netherlands	(Fl)	18.37	3.416	3.025	0.892	0.346	879.5	1	3.724	90.09	75.10	3.900	0.753	0.346	0.784	0.582	65.92	0.462
Norway	(NKr)	49.33	9.180	8.125	2.394	0.929	2362	2.686	10	242.0	201.7	10.47	2.023	0.930	2.108	1.563	177.0	1.240
Portugal	(Es)	20.39	3.794	3.358	0.990	0.384	976.2	1.110	4.133	100.	83.35	4.329	0.836	0.384	0.870	0.646	73.16	0.512
Spain	(Pta)	24.46	4.552	4.029	1.187	0.461	1171	1.332	4.958	120.0	100.	5.194	1.003	0.461	1.044	0.775	87.78	0.615
Sweden	(SKr)	47.10	8.765	7.757	2.286	0.887	2255	2.564	9.547	231.0	192.5	10	1.932	0.888	2.011	1.492	169.0	1.184
Switzerland	(SFr)	24.38	4.537	4.016	1.183	0.459	1167	1.327	4.943	119.6	99.68	5.177	1	0.460	1.041	0.772	87.49	0.613
UK	(£)	53.03	9.869	8.734	2.574	0.999	2539	2.887	10.73	260.1	216.8	11.26	2.175	1	2.264	1.680	190.3	1.333
Canada	(C$)	23.42	4.359	3.858	1.137	0.441	1121	1.275	4.748	114.9	95.78	4.973	0.961	0.442	1	0.742	84.05	0.589
US	($)	31.57	5.874	5.199	1.532	0.595	1511	1.718	6.399	154.8	129.0	6.702	1.295	0.595	1.348	1	113.3	0.793
Japan	(Y)	27.87	5.186	4.590	1.353	0.525	1334	1.517	5.649	136.7	113.9	5.917	1.143	0.525	1.190	0.883	100.	0.700
Ecu		39.78	7.404	6.552	1.931	0.749	1905	2.166	8.065	195.1	162.6	8.447	1.632	0.750	1.698	1.260	142.8	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM (Nov 27)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	0.6567	0.6560	-0.0016	0.6580	0.6545	22,618	65,552
Mar	0.6602	0.6596	-0.0017	0.6614	0.6580	888	6,584
Jun	-	0.6622	-0.0018	0.6645	0.6622	116	2,886

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr (Nov 27)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	0.7763	0.7751	-0.0011	0.7788	0.7745	17,460	54,079
Mar	0.7828	0.7815	-0.0011	0.7854	0.7810	842	5,259
Jun	0.7873	0.7879	-0.0011	0.7905	0.7873	28	757

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100 (Nov 27)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	0.8906	0.8844	-0.0062	0.8930	0.8840	12,824	62,608
Mar	0.8972	0.8957	-0.0062	0.8979	0.8955	572	3,774
Jun	0.9061	0.9069	-0.0061	0.9061	0.9069	266	1,003

■ STERLING FUTURES (IMM) £62,500 per £ (Nov 27)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	1.6796	1.6740	+0.0034	1.6826	1.6706	8,467	58,220
Mar	1.6722	1.6702	+0.0034	1.6796	1.6680	613	2,151
Jun	1.6690	1.6650	+0.0034	1.6720	1.6640	8	1,289

UK INTEREST RATES

LONDON MONEY RATES

Nov 28	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6⅞ - 2	6$\frac{1}{16}$ - 5¾	6$\frac{3}{32}$ - 6	6$\frac{7}{32}$ - 6$\frac{3}{32}$	6$\frac{5}{16}$ - 6$\frac{7}{32}$	6$\frac{15}{32}$ - 6$\frac{13}{32}$
Sterling CDs	-	-	6$\frac{1}{16}$ - 6	6$\frac{3}{16}$ - 6$\frac{7}{32}$	6$\frac{11}{32}$ - 6$\frac{9}{32}$	6$\frac{15}{32}$ - 6$\frac{13}{32}$
Treasury Bills	-	-	5$\frac{31}{32}$ - 5⅞	6$\frac{1}{16}$ - 6$\frac{1}{32}$	-	-
Bank Bills	-	-	5$\frac{15}{16}$ - 5⅞	6¼ - 6⅛	6$\frac{7}{16}$ - 6⅜	-
Local authority deps.	6⅝ - 6	6 - 5¾	6$\frac{1}{16}$ - 6	6⅛ - 6$\frac{1}{16}$	6$\frac{5}{16}$ - 6¼	6$\frac{9}{16}$ - 6$\frac{7}{16}$
Discount Market deps	6¼ - 5⅝	5⅞ - 5¾	-	-	-	-

UK clearing bank base lending rate 6 per cent from October 30, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc. Ave. tender rate of discount on Nov 22, 5.1385pc. ECGD fixed rate Stlg. Export Finance. Make up day Nov 29, 1996. Agreed rate for period Dec 26, 1996 to Jan 25, 1997, Scheme III 7.61pc. Reference rate for period Nov 1, 1996 to Nov 29, 1996, Schemes IV & V 6.373pc. Finance House Base Rate 6pc from Nov 1, 1996

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.53	93.55	+0.01	93.56	93.53	6977	96753
Mar	93.28	93.29	+0.01	93.30	93.26	8253	106600
Jun	93.00	93.01	+0.01	93.03	92.98	6136	99585
Sep	92.82	92.84	+0.01	92.86	92.81	7365	56268
Dec	92.72	92.78	+0.02	92.77	92.71	3158	40474

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
9350	0.10	0.08	0.08	0.05	0.29	0.57
9375	0.01	0.03	0.03	0.21	0.40	0.77
9400	0	0.01	0.01	0.45	0.72	1.00

Est. vol. total, Calls 2100 Puts 4096. Previous day's open int., Calls 240605 Puts 166845

EMS EUROPEAN CURRENCY UNIT RATES

Nov 28	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.798709	0.751821	-0.003467	-5.87	6.11	40
Portugal	197.398	195.800	+0.293	-0.81	2.60	5
Finland	5.85424	5.81549	-0.00604	-0.66	2.44	4
Spain	163.826	163.139	+0.238	-0.42	2.10	3
Netherlands	2.16979	2.17338	+0.0017	0.17	1.60	-1
Italy	1906.48	1913.14	-8.33	0.35	1.41	-3
Belgium	39.7191	39.9191	+0.035	0.50	1.25	-4
Germany	1.92573	1.93702	+0.00163	0.59	1.17	-8
Austria	13.5485	13.6316	+0.0118	0.61	1.14	-4
Denmark	7.34555	7.43336	+0.0044	1.20	0.56	-8
France	6.45863	6.57260	+0.01402	1.76	0.00	-15
NON ERM MEMBERS						
Greece	295.269	305.057	+0.661	3.31	-1.50	-
UK	0.793103	0.752896	-0.003638	-5.07	7.20	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound) (Nov 27)

Strike Price	CALLS Dec	Jan	Feb	PUTS Dec	Jan	Feb
1.660	1.83	2.39	2.94	0.45	1.06	1.74
1.670	1.18	1.81	2.45	0.71	1.48	2.36
1.680	0.70	1.34	1.93	1.30	2.01	2.73

Previous day's vol., Calls 1,295 Puts 3,848 . Prev. day's open int., Calls 31,261 Puts 66,917

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM) (Nov 27)

Strike Price	CALLS Dec	Jan	Feb	PUTS Dec	Jan	Feb
0.650	0.84	0.43	1.24	0.15	0.63	0.51
0.655	0.33	0.27	0.95	0.33	1.18	0.73
0.660	0.16	0.17	0.70	0.62	-	0.99

Previous day's vol., Calls 733 Puts 2,322 . Prev. day's open int., Calls 3,297 Puts 27,189

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100% (Nov 27)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.51	94.51	+0.01	94.52	94.50	37,164	415,596
Mar	94.51	94.51	-0.02	94.54	94.50	55,078	379,562
Jun	94.43	94.42	-0.09	94.46	94.41	48,990	295,284

■ US TREASURY BILL FUTURES (IMM) $1m per 100% (Nov 27)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.00	94.99	-	95.01	94.99	938	2,069
Mar	95.02	95.01	-	95.04	95.01	408	3,582
Jun	94.91	94.91	-	94.93	94.91	126	1,910

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Dec	Jan	Feb	Mar	PUTS Dec	Jan	Feb	Mar
9675	0.05	0.10	0.12	0.14	0.03	0.04	0.06	0.08
9700	0	0.02	0.03	0.04	0.23	0.21	0.22	0.23
9725	0	0	0	0.01	0.48	0.44	0.44	0.45

Est. vol. total, Calls 30270 Puts 11659. Previous day's open int., Calls 511869 Puts 343944

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
9800	0.09	0.28	0.38	0.13	0.31	0.52
9825	0.03	0.14	0.21	0.32	0.42	0.65

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 5721 Puts 2270

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Cyprus Popular Bank	6.00	NatWestminster	6.00
Allied Irish Bank (GB)	6.00	Duncan Lawrie	6.00	●Rea Brothers	6.00
Allied Trust Bank	6.00	Exeter Bank Limited	7.00	Royal Bk of Scotland	6.00
●Henry Ansbacher	6.00	Financial & Gen Bank	7.00	●Singer & Friedlander	6.00
Bank of Baroda	6.00	●Robert Fleming & Co	6.00	●Smith & Williamson Secs	6.00
Banco Bilbao Vizcaya	6.00	Girobank	5.75	Scottish Widows Bank	6.00
Bank of Cyprus	6.00	●Guinness Mahon	6.00	TSB	6.00
Bank of Ireland	6.00	Habib Bank AG Zurich	6.00	United Bank of Kuwait	6.00
Bank of India	6.00	●Hambros Bank	6.00	Unity Trust Bank Plc	6.00
Bank of Scotland	6.00	Heritable & Gen Inv Bk	6.00	Western Trust	6.00
Barclays Bank	6.00	●Hill Samuel	6.00	Whiteaway Laidlaw	6.00
Brit Bk of Mid East	6.00	C. Hoare & Co	6.00	Yorkshire Bank	6.00
●Brown Shipley & Co Ltd	6.00	Hongkong & Shanghai	6.00		
Citibank NA	6.00	Julian Hodge Bank	6.00		
Clydesdale Bank	6.00	●Leopold Joseph & Sons	6.00		
The Co-operative Bank	6.00	Lloyds Bank	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Credit Lyonnais	6.00	*Mount Credit Corp	6.25		

● Members of London Investment Banking Association

* In administration

COMMODITIES AND AGRICULTURE

Russian 'leakages' cast doubt over diamond deal

By Kenneth Gooding, Mining Correspondent

De Beers of South Africa, which controls about 60 per cent of world trade in rough or uncut diamonds, is having to cope with a big jump in unofficial diamond exports from Russia – to $80m a month – and the likelihood that its proposed new exclusive marketing contract with that country will never be signed.

The political infighting that has delayed the contract signing has also caused a $62m loan agreement between Almazy Rossii Sakha, Russia's biggest producer, and the Bank of New York, to be temporarily frozen.

This emerged yesterday during a sometimes heated debate at a conference in London on gold and diamonds in the Commonwealth of Independent States organised by the Adam Smith Institute.

Traders in diamond cutting centres have reported a big increase in "leakages" of Russian diamonds since August after they had dwindled virtually to nothing earlier this year, said Mr John Helmer of Diamond International.

Mr John Robinson, managing director of Australian diamond group Ashton Mining, estimated that leakages this year would be worth about $600m, only half the level of 1995. He said a broad range of diamonds was being leaked, whereas last year most were small stones similar to those produced by the Argyle mine in Western Australia in which Ashton is a shareholder.

Mr Helmer said that, although the new contract between De Beers' Central Selling Organisation and Russia had been approved by the finance and economic ministries, it had been sent back to them by the prime minister's office for further review and "that could take a long time".

He said there was a very serious and deep-seated conflict between the federal government and the government of Sakha over revenue from the diamonds produced in the Sakha republic.

He suggested the most likely outcome would be "no change", with no new contract being signed but De Beers continuing to market Russian diamonds under the terms of the previous one that ended in December 1995.

Mr Evgeny Bychkov, president of the Russian Association of Diamond Manufacturers, said the new contract had not been signed because the terms did not comply with Russian laws. He said: "In future De Beers will have to come to terms with the fact that we can cut and polish in Russia all our own production."

Mr Helmer said unless there was substantial investment by ARS, Russia's importance in diamond production would diminish in five to 10 years. The $62m loan, signed with the Bank of New York and backed by the US Exim Bank, was to pay for imports of mining equipment and "was the first to establish ARS's creditworthiness in world financial market" and would not go ahead until the De Beers contract was signed.

NZ dairy farmers facing lean times

By Terry Hall in Wellington

New Zealand dairy production is at record levels – but the country's farmers are facing leaner times.

The Dairy Board said yesterday the boost to milk solids from favourable spring weather and an expanding national herd had been undermined by poorer offshore markets and a 16 per cent rise in the New Zealand dollar in the past year. Many dairy farmers were facing financial hardship.

The board's Mr Neville Martin said dairy production this season was estimated to reach 840m kg of milk solids – up from last year's record 788m kg. The board was confident its sales efforts would "more than keep up" with the rising production.

However, he admitted offshore markets were quiet, and no immediate lift was expected from the lacklustre prices being gained for butter and cheese. The rise in the Kiwi dollar was more than wiping out gains from higher production and a switch to value added and branded products.

"The industry is having to swim faster just to stay still," said Mr Martin. "The dollar is really biting."

He said publicity in Britain about UK Customs and Excise imposing a high tariff on spreadable butter had led to much consumer interest in the product.

The board is now supplying Britain with spreadable butter made in Europe under the Anchor label, saving the European Union duty of NZ$3,400 a tonne.

Mr Martin said the board would prefer to supply Britain with spreadable butter directly from New Zealand and was continuing with a "vigorous challenge" to the EU on the matter.

Warning to Europe's sugar producers

By Maggie Urry

European sugar producers were yesterday warned of "lean years" to come, with pressure on the system expected to build with the next round of world trade talks and expansion of the European Union.

However, Mr Enjer Stendevad, the head of sugar in the European Commission's agriculture directorate, said the producers would have time to prepare, with a "period of grace" lasting for up to four years expected.

Addressing a London conference, Mr Stendevad said the European sugar regime was "worth preserving for a long time to come". The changes to the system introduced in July last year were leading "to increased competition in the sugar market and most likely to lower prices and quotas".

The reforms retained most of the previous system, but took a more market-driven approach to import protection and export rules.

Mr Stendevad hinted that the commission might take action if lower costs were not passed on to consumers. For instance, there had been a substantial reduction in the storage levy, from Ecu36 to Ecu25 a tonne, but this had been fully reflected in market prices in only four member states, and partially in a further three.

He said the world market price for sugar was one of the most volatile of commodities, and the EU's influence on prices was limited. If they fell sharply, there was "no doubt" price guarantees would be reduced.

Mr Stendeved said the EU's commitment to Gatt was the key element to export policy. The new system would enable its weekly export management committee to stop exports immediately if the Gatt ceiling was touched.

Ms Patricie Jamieson, director of Tate & Lyle responsible for raw sugar and EU affairs, said the new regime bed for the first time recognised the cane sugar sector and put the eupply of raw cane sugar on an equal footing with beet.

Reuter

Accepting terms: Iraqi oil minister Amer Mohammed Rasheed talks to journalists the Opec meeting in Vienna

Kuwait keen to raise oil output

By Robert Corzine in Vienna

Kuwait yesterday threatened to re-open the contentious issue of Opec oil production quotas next year.

Mr Issa Al-Mazidi, the newly-appointed Kuwaiti oil minister, was speaking as ministers from the 11 members of the Organisation of Petroleum Exporting Countries decided to maintain the group's present output ceiling of 25.03m barrels a day.

He said he did not intend to cause any "excitement or flare-up" in world oil markets, nor was he unheppy with present high prices.

However, he said Kuwait – which currently produces 2m b/d – was keen to secure "a just production level" close to its capacity, which he claimed was 2.5m b/d. "We believe Kuwait should have a just quota or a right to produce above the Opec ceiling," Mr Al-Mazidi said in an interview.

Kuwait deserved a higher quota, he said, because it continued to have to make large capital investments as part of the rehabilitation of its oil sector, extensively damaged during the Iraqi occupation of the country in 1990 and 1991. The country also had an historical right to a higher quota because it had produced 3m b/d in the 1970s, he said.

Kuwait's demand for a bigger slice of Opec output came three days after Iraq decided to accept UN terms for the resumption of limited oil exports under an oil-for-food programme.

Mr Al-Mazidi said be did not force the issue during this week's meeting in Vienna because Kuwait "was quite satisfied and relaxed" with present prices. "Why disturb the natural trend?" he asked.

But he hinted that any market developments which put Knwait at a financial disadvantage – such as Iraqi oil unsettling prices – could cause him to press ahead with his demand at the next regular Opec meeting, in June 1997.

Gold fix lowest since April 1994

MARKETS REPORT

By Kenneth Gooding and Deborah Hargreaves

Gold, which had been falling all week as traders squared their books ahead of the Thanksgiving boliday that will close US markets until Monday, was "fixed" yesterday morning in London at $372.20 a troy ounce, the lowest fix since April 25 1994.

In thin trading the precious metal closed in London at $372.60, down $1.15 from Wednesday's close.

On the London Metal Exchange, volatility cootinued to grip the copper market. The price raced up to $2,323 a tonne early yesterday but nervousness about a rise in stocks when the exchange reports today saw copper for delivery in three months at $2,255, down $23 a tonne, in late trading. Traders suggest stocks might rise by a modest 3,000 tonnes.

Coffee prices slumped on widespread selling yesterday, with January futures on the London International Financial Futures Exchange down $34 to $1,356 a tonne. The market has lost 3.5 per cent of its value over the past two days, with London prices coming under intense pressure.

Analysts said some of yesterday's sales could have been en opportunistic attempt by speculators to push down prices while the US market was closed. Tight supplies, particularly in New York, following last year's large eupply deficit have supported prices recently.

The New York market has only some 300 bags of coffee in its warehouses. "This is pretty near zero and not even enough to cover one single lot of delivery," said Mr Lawrence Eagles, analyst with GNI in Brazil. "Cyclically, now is the time for stocks of coffee in consuming countries to bit their lowest point."

Another factor in the market yesterday was a rumour tbat the US Department of Agriculture was about to release a report forecasting a much larger crop for Brazil this year than expected.

The current coffee crop deficit – the gap between production and demand – reached 16m bags, but supply is expected to be much more closely in balance in 1996–97.

Global production in 1997 is expected to rise to 99.7m bags from 85.6m bags this year.

Chinese imports 'critical to copper prices'

By Kenneth Gooding

China will play a vital role in the copper market for the foreseeable future, some analysts suggest. They say supplies will remain tight until 1998 because of Chinese imports, and that this will prevent the build-up of the supply surplus and price collapse that many observers have been predicting.

Mr Simon Hunt, a copper industry consultant, suggests China will require "an increasingly large tonnage of imported cathode copper to meet botb domestic demand and larger buffer stocks needed because of its increasing consumption".

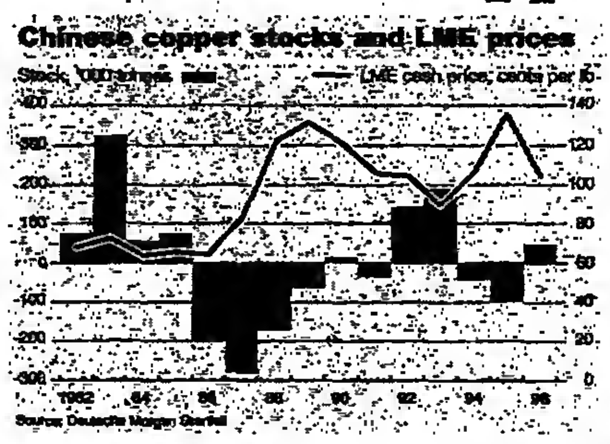
In Deutsche Morgan Grenfell's copper market review, analysts Mr Wiktor Bielski and Mr Alan Williamson say Chinese imports are the critical marginal factor for the supply-demand balance and prices. "We believe that China is in the midst of a major stock rebuilding programme likely to extend until mid-1998," they say.

"We expect imports to remain high, because of current historically low stock levels and a widening domestic mine production-refined consumption gap, set to reach 800,000 tonnes in 1997."

Mr Hunt, in his Copper Advisory Service newsletter, suggests China'e dominant role in the market is not yet properly understood. He insists China's production and consumption of copper are both much bigger than many other analysts assume.

He estimates China'e refined copper production last year was 1.079m tonnes,

Chinese copper stocks and LME prices



Source: Deutsche Morgan Grenfell

"not the generally perceived 850,000 tonnes". Its consumption of refined copper was about 1.2m tonnes and will rise to at least 1.25m tonnes this year and to 1.4m tonnes in 1997, he says. At the same time, its refined copper output will probably fall to 950,000 tonnes this year and fall again in 1997.

"These developments will belp to maintain a tight global market for refined copper at least through the first half of 1997, with total western world stocks being drawn down by over 200,000 tonnes in the first six months of next year," Mr Hunt says.

The DMG analysts estimate that China will have to import 800,000 tonnes of copper in one form or another next year, a further 850,000 tonnes in 1998 and 1m tonnes in 2000.

Even if China does not build up its strategic stocks, refined copper imports are expected to everage 150,000 to 200,000 tonnes e year for the immediate future.

Consequently, they expect the market to sbow a supply deficit both next year and in 1998 and for global stocks to be driven to e record low level. They are forecasting copper prices will average $2,259 a tonne next year, rising to $2,369 in 1998.

JOTTER PAD

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1528.5-29.5	1554-55
Previous	1519.5-20.5	1546-47
High/low		1570/1545
AM Official	1535-36	1560-61
Kerb close		1554-55
Open int.	246,027	
Total daily turnover	82,841	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1365-70	1390-95
Previous	1348-53	1375-78
High/low		1390/1385
AM Official	1360-65	1390-91
Kerb close		1385-90
Open int.	6,304	
Total daily turnover	914	

■ LEAD ($ per tonne)

Close	696.5-7.5	694-5
Previous	696.5-7.5	704-5
High/low	698	698/693
AM Official	698.5-9	695-5.5
Kerb close		692-3
Open int.	39,705	
Total daily turnover	4,684	

■ NICKEL ($ per tonne)

Close	6835-45	6925-35
Previous	6945-55	7030-40
High/low	6896	7040/6910
AM Official	6895-900	6985-87
Kerb close		6920-30
Open int.	49,334	
Total daily turnover	6,956	

■ TIN ($ per tonne)

Close	6065-75	6085-95
Previous	6100-10	6115-20
High/low	6055/6050	6090/6070
AM Official	6048-50	6065-70
Kerb close		6080-85
Open int.	15,565	
Total daily turnover	3,841	

■ ZINC, special high grade ($ per tonne)

Close	1047-48	1070-71
Previous	1057.5-58.5	1081-81.5
High/low		1076/1070
AM Official	1052-53	1075-75.5
Kerb close		1069-69.5
Open int.	85,867	
Total daily turnover	16,320	

■ COPPER, grade A ($ per tonne)

Close	2525-30	2264-65
Previous	2545-50	2272-73
High/low	2580	2313/2260
AM Official	2578-80	2298-99
Kerb close		2265-56
Open int.	175,457	
Total daily turnover	86,146	

Base metals continued

■ LME AM Official £/$ rate: 1.6783
LME Closing £/$ rate: 1.6605

Spot: 1.6807 3 mths: 1.6773 6 mths: 1.6732 9 mths: 1.6670

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	372.50-372.80		
Opening	372.00-372.30		
Morning fix	372.20	221.80	482.82
Afternoon fix	372.65	221.58	482.77
Day's High	372.70-373.00		
Day's Low	371.90-372.20		
Previous close	373.80-374.00		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.81	6 months	3.16
2 months	2.81	12 months	3.35
3 months	2.82		

Silver Fix	p/troy oz.	US cts equiv.
Spot	281.65	472.75
3 months	285.70	478.55
6 months	289.95	484.35
1 year	299.05	498.25

Gold Coins	$ price	£ equiv.
Krugerrand	376-378	224-225
Maple Leaf	377.50-379.90	-
New Sovereign	88-91	52-54

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.
US markets closed for the Thanksgiving Day holiday.

ENERGY

■ CRUDE OIL IPE ($/barrel)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	22.80	-0.12	22.89	22.55	9,468	61,549
Feb	22.00	-0.23	22.29	21.98	3,343	38,818
Mar	21.49	-0.21	21.74	21.47	784	29,870
Apr	21.00	-0.22	21.23	21.10	546	12,057
May	20.53	-0.20	20.78	20.54	520	5,924
Jun	20.10	-0.20	20.35	20.11	801	11,409
Total					34,779	180,069

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	217.50	+1.25	218.25	217.00	3,829	20,752
Jan	214.50	+0.50	216.00	214.00	1,687	26,534
Feb	207.25	-	208.50	206.75	609	10,311
Mar	198.75	-0.50	200.00	198.50	196	7,115
Apr	190.25	-0.50	191.50	190.75	210	5,148
May	185.00	-0.50	-	-	-	2,871
Total					11,851	86,140

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	93.40	-1.80	94.00	93.40	183	1,757
Mar	95.40	-1.50	95.80	95.40	311	2,134
May	96.75	-1.35	97.40	96.65	197	2,113
Jul	98.20	-1.40	98.30	98.20	12	338
Sep	92.50	-0.80	-	-	-	2
Nov	94.50	-0.80	95.00	94.50	43	744
Total					626	7,088

■ BARLEY LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Jan	91.50	-1.00	92.00	91.50	27	607
Mar	92.50	-1.00	-	-	-	249
May	93.50	-1.35	93.50	93.50	5	125
Sep	91.75	-0.50	-	-	-	1
Nov	93.75	-0.50	93.75	93.75	15	159
Total					47	1,141

■ POTATOES LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	52.0	-3.0	-	-	-	-
Apr	82.1	-2.9	65.0	62.0	134	1,254
May	57.0	-3.0	-	-	-	20
Jun	77.0	-3.0	-	-	-	-
Apr	117.0	-	-	-	-	42
Total					134	1,318

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	1382	-4	1385	1378	11	516
Jan	1342	-6	1345	1340	40	1,975
Apr	1372	+4	1380	1365	28	851
Jul	1160	-	1160	1155	8	306
Oct	1275	-	1285	1285	5	74
Jan	1285	-	-	-	-	35
Total					93	4,863

	Close	Prev
BFI	1423	1428

SOFTS

■ COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	881	-20	899	881	2,203	6,426
Mar	929	-11	938	927	2,116	50,460
May	947	-11	955	946	328	15,459
Jul	962	-10	964	960	87	12,347
Sep	974	-11	978	974	174	7,391
Dec	985	-11	990	985	218	3,637
Total					5,480	121,913

■ COFFEE LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	1382	-58	1450	1351	200	471
Jan	1352	-38	1390	1347	4,763	18,119
Mar	1306	-32	1339	1305	2,132	10,960
May	1292	-33	1323	1292	369	5,484
Jul	1292	-33	1317	1290	55	785
Sep	1295	-30	1320	1299	25	577
Total					7,564	36,946

Softs continued

■ WHITE SUGAR LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	303.7	-	304.0	303.8	373	15,446
May	304.3	+0.2	304.2	303.8	81	4,660
Aug	305.1	-0.4	305.3	305.3	11	2,438
Oct	300.0	-0.5	300.7	300.4	38	1,449
Dec	301.8	+0.1	-	-	-	551
Mar	304.8	+1.3	-	-	-	373
Total					420	24,944

FUTURES DATA
All futures data supplied by CMS.

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME

	Jan	Apr	Jan	Apr
1500	42	101	4	40
1600	1	51	64	89
1700	-	22	152	159

■ COPPER (Grade A) LME

	Jan	Apr	Jan	Apr
2100	306	217	-	83
2200	209	162	3	126
2300	121	117	15	180

■ COFFEE LIFFE

	Jan	Mar	Jan	Mar
1400	19	30	67	122
1450	9	19	107	161
1500	6	12	154	204

■ COCOA LIFFE

	Mar	May	Mar	May
900	45	65	15	18
925	31	49	27	27
950	21	37	42	40

■ BRENT CRUDE IPE

	Jan	Feb	Jan	Feb
2200	-	101	32	-
2250	60	-	50	-
2300	40	-	-	-

Wool

Australian wool prices drifted lower this week continuing the recent erratic pattern. Nine auctions in three centres saw 93,308 bales offered. The Eastern indicator lost 15cts to close at 552cts/kg. The Western indicator was 2cts down at 532cts/kg. The differential between these indicators has narrowed from 40cts at the start of the season to 20cts now. The New Zealand indicator fell 7 to 449cts/kg with 31,601 bales offered this week. Fine wools were most affected with strong wools slightly cheaper. The South African indicator finished at 2077cts/kg down 8, with Merino fleece of 20.5 microns recording the biggest falls in an offering of 11,872 bales.

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$20.97-0.99w	+0.05
Brent Blend (dated)	$23.05-3.10	-0.055
Brent Blend (Jan)	$22.70-2.75	-0.055
W.T.I.	$23.72-3.74w	

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$220-222	
Gas Oil	$219-221	+2
Heavy Fuel Oil	$118-120	-1
Naphtha	$224-226	
Jet fuel	$249-251	+1
Diesel	$233-235	+1

■ NATURAL GAS (Pence/therm)

Bacton (Dec)	19.80-20.00	-0.80

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

Gold (per troy oz)♣	$372.65	-1.15
Silver (per troy oz)♣	473.50c	-1.00
Platinum (per troy oz.)	$374.50	-1.85
Palladium (per troy oz.)	$114.25	-0.25
Copper	116.0c	+2.0
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	15.16r	-0.10
Tin (New York)	265.50	-1.00
Cattle (live weight)	111.66p	+3.04*
Sheep (live weight)	136.62p	+6.40*
Pigs (live weight)†	96.57p	+2.75*
Lon. day sugar (raw)	$264.20	-2.00
Lon. day sugar (wte)	$308.60	-0.10
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	127.0	
Wheat (US Dark North)	Unq	
Rubber (Jan)♥	79.50p	
Rubber (Feb)♥	79.50p	
Rubber (KL RSS No1)	321.0z	-0.5
Coconut Oil (Phil)§	$780.0y	-5.0
Palm Oil (Malay.)§	522.5x	
Copra (Phil)§	495.0	
Soyabeans (US)	192.0z	
Cotton Outlook'A' Index	78.35	+0.70
Wooltops (64s Super)	393p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. w Jan x Dec v Nov/Dec y Dec/Jan♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 4,418 head of pigs sold.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Nov 28	Nov 27	month ago	year ago
1880.0	1877.0	1868.2	2155.0

■ CRB Futures (Base: 1967 = 100)

Nov 26	Nov 25	month ago	year ago
244.85	244.85		

■ GSCI Spot (Base: 1970 = 100)

Nov 26	Nov 25	month ago	year ago
220.01	220.01	211.44	188.70

CROSSWORD

No.9,238 Set by GRIFFIN

ACROSS
1 Jack returns, having lost one title fight (6)
4 Locum carved oame on pillar (6)
8 Platform rots when sprayed with spirit (7)
9 A link with years of slavery (7)
11 See joiner down street first (10)
12 Bring in pear crumble (4)
13 Distant view of a Ben Nevis tarn (5)
14 Club backing Rocky is old as newspapers (8)
16 Frivolous fellow left 2p article in it (8)
18 Friendship always holds a man back (5)
20 Open University don is mad (4)
21 General became firm with man in newspaper (10)
23 Hole in skin American finds repulsive (7)
24 Old Australian mate takes fifty for a drink (7)
25 They drop point after Spike becomes vulgar (6)
26 Bashful Frenchman with sex-appeal enters forge (6)

DOWN
1 Forehead oever starts to get sunburnt (5)
2 Staggers dealers in scrap (7)
3 In the US where e girl embraces a man (9)
5 Egg-shaped ball used by invalid (5)
6 Go down in front of bear (7)
7 Drag lying members out, being mean (9)
10 Object first person put in singer Dolly's room divider (9)
13 Lent naive cook a greetings card (9)
15 Dora runs sweeper round top office (9)
17 One takes one through without seeing explorer (7)
19 First Italian in Bath about to live in (7)
21 Sweep basement first – and hurry! (5)
22 Particularly takes note before using each one (5)

Solntion 9,237

FT MANAGED FUNDS SERVICE

Offshore Funds

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds (u)

4 Rue Jean Monet, L-2180 Luxembourg

Abtrust Fund Mngrs Luxembourg SA (u)

4 Boulevard Royal L, 2449 Luxembourg 00 352 227001

Abtrust Atlas Fund

Aetna Master Fund (u) (x)

Fidelity Funds - Contd.

Country Select Funds

Bond Funds

Balanced

Prices as at November 27

Fleming Group (u)

Mercury Asset Management S.A. - Contd.

Midland Intl Circuit Fund SICAV (u)

Aetna International Umbrella Fund - Contd.

Credis Investment Funds - Contd.

Merrill Lynch Asset Management - Contd.

Southern International SICAV

State Street Luxembourg SA

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Global Asset Management - Contd.

Jardine Fleming Unit Trusts Ltd - Contd.

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

BANKS, MERCHANT

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
[illegible]								

BANKS, RETAIL

[illegible]

BREWERIES, PUBS & REST

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

CHEMICALS - Cont.

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ENGINEERING

[illegible]

ENGINEERING - Cont.

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

FOOD PRODUCERS

[illegible]

FOOD PRODUCERS - Cont.

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HOUSEHOLD GOODS

[illegible]

HOUSEHOLD GOODS - Cont.

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INV TRUSTS SPLIT CAPITAL

[illegible]

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

LIFE ASSURANCE - Cont.

[illegible]

MEDIA

[illegible]

OIL, EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PAPER, PACKAGING & PRINTING - Cont.

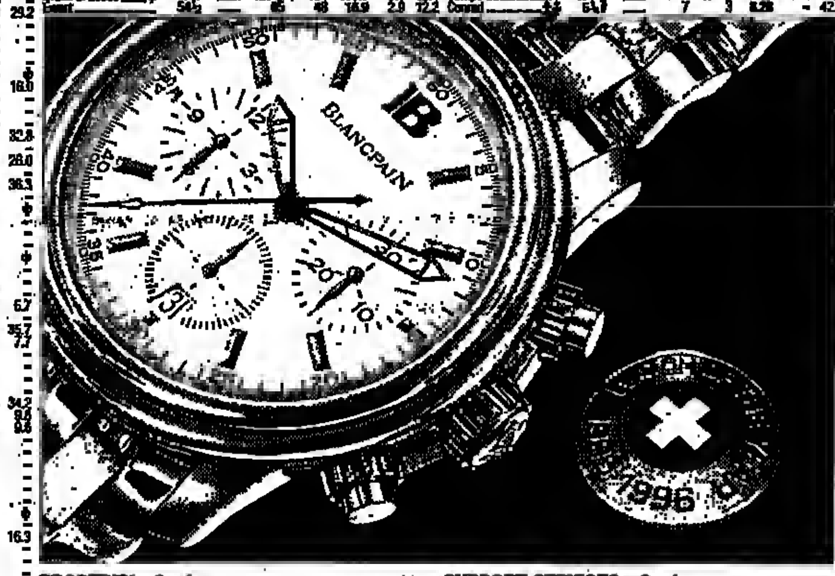
[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]



PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SUPPORT SERVICES

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TEXTILES & APPAREL - Cont.

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind	g	£20¼	[illegible]	[illegible]	£20¼	1,824	3.5	◆
Barlow		[illegible]	[illegible]	£10½	[illegible]	1,182	2.5	◆
Gold Flds Prop R		128½	+3½	178	120	12.9	6.2	10.8
NK Props		62	—	[illegible]	60	2.40	13.4	–
SASOL		645	—	710	400	3,777	1.6	–
SA Brews		£15⅛	[illegible]	[illegible]	£14½	4,400	2.1	◆
Standard Bank		£22½	[illegible]	[illegible]	£21½	2,717	1.5	21.3
Tiger Oats		[illegible]	—	1270	770	1,180	2.2	◆
Toogaat-Hulett		744xd	+27	1247	[illegible]	794.2	2.3	◆

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IMR Headline Earnings/formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ◆ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- † Merger bid or reorganisation in progress
- $ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
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Late rally sees Footsie in positive ground

MARKETS REPORT

By Steve Thompson, UK Stock Market Editor

Worries about the latest decline on Wall Street continued to gnaw away at the UK stock market's confidence for much of yesterday. Share prices were left stranded until a late flurry of support took the FTSE 100 index into positive territory.

Dealers attributed the late rally in tha market to a fresh burst of takeover speculation. Others said the money coming into the leaders came from tha same source that provoked last Friday's surge.

"There is the hint of a bid," said one marketmaker, who mentioned the insurance sector as one area ripe for further rationalisation and also noted the late rise in SmithKline Beecham.

Most of the day's corporate results pleased the market, with strong gains in selected stocks.

But for the most part, activity in the market was subdued and affected by the closure of US markets for the Thanksgiving Day holiday.

The late rally carried sufficient weight to erase earlier losses and push the FTSE 100 index to a closing 4,050.2. It was up 1.0 on the day, reducing the decline since the Budget to 18 points in the two full sessions since the chancellor's Budget proposals.

The FTSE 250 index, meanwhile, was never under severe pressure, shrugging off small flurries of profit-taking, and finishing 4.7 higher at 4,416.7.

The 250 index owed its good performance mainly to hefty gains in a handful of stocks, such as Stagecoach, the transport group, T & N, the engineering group and Sage, the computer software company. The SmallCap index was 4.1 down at 2,159.2.

Dealers said they expected London to move sideways until a clear pattern emerges on Wall Street. The US market opens for a half-day session today but the general expectation is that little genuine investment activity will take place with many traders preferring to take a long weekend.

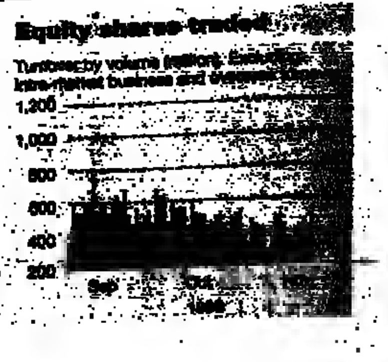
Some marketmakers said they expected a big two-way pull to develop in London in the absence of any firm trend emerging from the US.

"There are plenty of institutions that are still substantially underweight in UK stocks and if the market continues to make progress then there will come a time when they simply have to buy," was the view of one trader.

Another said he felt confident that the market had embarked on a pre-Christmas run that could well drive the FTSE 100 to an all-time high, piercing the 4,100 barrier in the process.

Bid hints continued to drive Imperial Tobacco sharply higher. On the results front, Royal Bank delivered better than expected earnings despite a poor showing from Direct Line, its former star division.

The absence of any US interest was demonstrated by the turnover figure at tha 6pm reading. Total business in equities amounted to 683.2m shares, which was boosted by bed and breakfast, or tax-related activity. Customer business on Wednesday was valued at £1.17bn. Market business since the Budget has been extremely disappointing, dealers said.



Indices and ratios

FTSE 100	4050.2	+1.0
FTSE 250	4416.7	+4.7
FTSE 350	2010.0	+0.9
FTSE All-Share	1981.13	+0.51
FTSE All-Share yield	3.80	3.79

FT 30	2824.2	+3.8
FTSE Non-Fins p/e	18.09	18.01
FTSE 100 Fut Dec	4071.0	+8.0
10 yr Gilt yield	7.45	7.48
Long gilt/equity yld ratio	2.01	2.02

Best performing sectors

1	Extractive Inds	+1.7
2	Engineering: Vehicles	+1.1
3	Retailers: Food	+1.1
4	Retailers: General	+0.8
5	Transport	+0.7

Worst performing sectors

1	Gas Distribution	-1.3
2	Life Assurance	-0.6
3	Building & Cons	-0.6
4	Electronic & Elec	-0.6
5	Water	-0.5

Safeway at 3½-yr high

By Joel Kibazo and Peter John

Leading food retailers raced higher. The day's best performance in the sector was recorded in Safeway, which confirmed plans with Abbey National to offer an interest-bearing debit account service.

The shares improved 7½ to 387½p, with sentiment enhanced by last week's better-than-expected data and positive market share figures included in an AGB survey. The data showed Safeway increasing its market share to 10.9 per cent in November from 10.4 per cent a month earlier. Abbey was unchanged at 685½p.

The same survey continued to show Asda Group gaining markat share. The company's share in value terms rose to 13.4 per cent in November (its best ever level) from 13.2 per cent a month earlier. Shares in Asda rose 2¼ to 118¾p, after heavy trading of 18m.

SBC Warburg was said to have advised clients to switch into Asda and out of Tesco. However, the existence of a sizeable order for Tesco helped the shares advance 3½ to 337p. J Sainsbury firmed 2½ to 371p.

Dixons was the best performing stock in the FTSE 100 after the shares jumped 23 to 570½p. There was a feeling the shares have been oversold in recent sessions, following several profit downgrades.

Drugs action

SmithKline Beecham hit a new closing peak on a late afternoon rush of takeover talk despite the scepticism of most analysts.

The shares jumped 22 to 830½p as rumours persisted that Roche of Switzerland might be interested in making an offer.

Rocha has always bean seen as interested in Zeneca but over the past two days stories have emerged that the Swiss giant might be interested in either SmithKline Beecham or Astra of Sweden. Both Astra and SmithKline said they had received no approach. Astra rose 2 per cent.

Conversely, Zeneca led the sector lower and ended a net 13½ off at 1654p. Meanwhile, Glaxo Wellcome dipped 19½ to 989p as Merrill Lynch downgraded the stock to "neutral" from "accumulate". Merrill has taken it off the buy list on the basis of a "fundamental look at margin potential and potential for new products" and adjusted its growth forecasts. Merrill has also taken into consideration the effect of strengthening sterling on profits.

Railtrack surge

Strong demand for two of the year's best performing stocks saw each of them advance to a new high in a volatile day.

Shares in Railtrack, owner of the track, signalling, and stations on Britain's rail network, wera in damand throughout the day, making it one of the best performers in the FTSE 100 yesterday. The shares, which started trading at 200p in May of this year, jumped 15 to 377p, with dealers suggesting the group's visit to Scottish institutions on Wednesday may have been the spur for the renewed advance. The stock remains among the best performers this year.

The release of better-than-expected interim figures was behind a sharp rise in Stagecoach Holdings, the rapidly expanding rail and bus group.

The shares gained more than 7 per cent as they powered to a new high, closing 45½ ahead at 629p.

The results prompted several brokers to upgrada full year profit expectations. The list included UBS, the group's broker, which raised its estimate by £5m to £97m, but the broker now expects earnings per share for the year to April 1997 to jump by 65 per cent to 32p.

The ability of British Gas to disappoint the market was beginning to seem almost limitless yesterday.

Already suffering from *Budget blues, regulatory* restraints, demerger doubts and take-or-pay troubles, the company's share price reacted to a surprise provision yesterday.

The company's underlying figures were broadly in line with estimates but they were completely overshadowed by a hit of around £300m to offset the losses on take-or-pay contracts in the North Sea, which have committed it to paying much more than the current market price for supplies. The shares fell 3 to 218p.

Channel tunnel operator Eurotunnal continued to recovar from the sharp decline that followed a fire in one of its tunnels. Yesterday the shares hardened another 2¼ to 83¼p.

In the rest of the transport sector, P&O which has, in recent sessions, moved firmly ahead on hopes its *ferry operations will gain* from the closure of the channel tunnel, retreated yesterday following an unexpected government decision.

To the surprise of many market specialists, the government yesterday decided to refer the proposed merger of the cross-Channel operations of P&O and Stena Line. Shares in the group surrendered 11¼ to 584½p.

BPB, the building and packaging materials group, was the latest casualty on the road to a stronger pound.

The manufacturer said that despite a good performance in its first six months to September 30, 1996, it remained cautious about its second half as patchy recovery in the UK and the strengthening of sterling could affect the group's performance. The shares dropped 5¼ to 343½p.

The statement came hot on the heels of a veiled profits warning from Redland on Wednesday, which recovered slightly yesterday to end the day 6 higher at 370½p.

Royal Bank of Scotland gained 6½ to 528½p after announcing full year profits of £644m before exceptionals against a forecast range of £599m to £635m.

Some analysts argued that the "clean" figure was slightly lower and thus less impressive than it appeared. Also, the figures for the Direct Line insurance arm were disappointing.

However, the post-results view was broadly positive. Credit Lyonnais Laing – one of the house brokers – SBC Warburg and Williams de Broe were all buyers, while NatWest Securities upgraded its forecasts by 5 per cent. ABN Amro Hoare remained cautious but changed its stance from a straight "sell" to "overvalued".

Satellite broadcaster BSkyB came under pressure from a report in *the US* financial press detailing the rise of competitive pressure in the British TV market. The shares fell 3 to 519p.

Imperial Tobacco bounced 14 to 383½p on the resurgence of speculation about a dawn raid by rival BAT Industries, which hardened a penny to 467½p.

FT 30 INDEX

	Nov 28	Nov 27	Nov 26	Nov 25	Nov 22	Yr ago	*High	*Low
FT 30	2824.2	2820.4	2833.0	2828.6	2810.5	2666.4	2885.2	2688.8
Ord. div. yield	4.02	4.02	4.01	4.02	4.05	4.05	4.22	3.78
P/E ratio net	17.18	17.16	17.21	17.14	17.04	15.80	17.46	15.80
P/E ratio nil	17.01	17.00	17.05	16.98	16.88	15.70	17.30	15.71

FT 30 since compilation: high 2885.2 19/04/96; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2817.0	2820.4	2819.5	2821.1	2816.3	2817.0	2817.1	2816.2	2819.4	2824.4	2815.5

	Nov 28	Nov 27	Nov 26	Nov 25	Nov 22	Yr ago
SEAQ bargains	33,584	37,770	44,190	47,812	41,129	28,018
Equity turnover (£m)†	-	1167.5	1278.6	1062.8	1507.0	1842.9
Equity bargains†	-	24,117	28,325	32,041	27,686	34,238
Shares traded (ml)†	-	533.0	501.8	416.7	477.4	743.2

†Excluding intra-market business and overseas turnover.

	Nov 28	Nov 27	Nov 26	Nov 25	Nov 22	Yr ago	*High	*Low
FTSE AIM	1035.20	1036.40	1037.50	1029.00	1024.90	-	1140.40	965.70

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London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	372	Total Highs	89	Total contracts	23,302
Total Falls	761	Total Lows	110	Calls	11,043
Same	1,456			Puts	12,259

Nov 28 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	4058.0	4064.0	+1.0	4074.0	4045.0	7267	55086
Mar	4076.0	4083.5	-	4078.0	4065.0	1780	8528
Jun	4092.0	4103.0	-	4092.0	4090.0	100	1613

FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	4430.0	4430.0	+2.0	4430.0	4430.0	490	4000
Mar	4480.0	4481.0	-19.0	4482.0	4480.0	490	1350

FTSE 100 INDEX OPTION (LIFFE) (*4045) £10 per full index point

	3850		3900		3950		4000		4050		4100		4150		4200	
	C	P	C	P	C	P	C	P	C	P	C	P	C	P	C	P
Dec	222½	4	173½	7	126½	11	83½	19½	48½	36½	23½	64	9	106	2½	138
Jan	239	12	195	17½	152½	25½	112½	38	78½	54½	49½	79½	29	112½	15	156
Feb	269½	23	218	30½	180	42½	143	58½	111	75	82½	98	57½	126	39	162½
Mar	288	35½	227	45	190½	60	158½	75	124	94	98	119	74	147	55½	181
Jun†			280	88			215	120½			168½	164½			199	218

Calls 1,897 Puts 6,065

EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	3875		3925		3975		4025		4075		4125		4175		4225	
Dec	192½	4½	146½	8	103½	14½	65½	26½	35	46	15	75½	8	115	1	161½
Jan	217	15	173	21	130½	28½	93	41	60½	58½	36	84	20½	118½	11	159
Feb	265	28½	203½	36½	163½	46½	128½	59½	94	77	66½	99½	46	129	30	163
Mar	249	41	207	51½	171	64½	137½	80	108	99½	82½	123½	60½	150½	43	182
Jun†			285	93			201	125½			148½	168			102	220

Calls 2,493 Puts 1,830 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1996 High	1996 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
90	F.P.	14.4	107½	100½	†Access Plus	102½xd	-½	b22.49	-	3.0	13.6
§70	F.P.	17.5	110	72½	Advanced Power	75		-	-	-	-
§3	F.P.	7.55	4¼	4	†Beechcroft	4		-	-	-	18.2
§157	F.P.	41.8	194½	170½	Brands Hatch	190½	-1	W3.5	1.9	2.3	19.2
§130	F.P.	37.0	162½	130	Britt Allcroft	157½		L1.6	3.0	1.3	27.9
§138	F.P.	80.8	163½	152½	Car Group	162½		W3.9	2.6	3.0	15.8
-	F.P.	6.00	8	5¾	†Charterhse Comms	6		W-	-	-	13.4
160	F.P.	10.2	164½	155½	†Deep Sea Leisure	162½		-	-	-	-
§275	F.P.	87.4	298½	272½	Druid Grp	294½	+1	-	-	-	32.0
§92	F.P.	9.26	97½	97½	Exeter Inv	97½		W3.5	1.6	4.5	17.4
§	F.P.	31.3	610	580	First Russian C	590	-5	-	-	-	-
115	F.P.	14.0	130½	122½	†Future Int Tele	126½	+1½	-	-	-	-
100	F.P.	87.5	113½	81½	†Geo Inter Med	87½	-1	-	-	-	-
§110	F.P.	39.1	115½	114½	†Goshawk Insce	115½		-	-	-	-
*	F.P.	64.7	133	117½	Grantchester	121	-½	-	-	-	-
114	F.P.	10.8	132½	122½	†Jardinerie Ints	122½		-	-	-	-
§180	F.P.	28.7	225½	187½	†Majestic Wines	225½		-	-	-	13.2
§176	F.P.	144.7	152½	149½	Minerva	151		W2.2	-	1.8	-
§135	F.P.	26.4	142½	132½	Oliver Ashworth	135½		F4.6	1.9	4.2	12.0
§154	F.P.	22.8	246½	167½	Oriental Rest	238½	-2	21.0	6.1	0.5	24.1
125	F.P.	22.0	135½	124½	Provend	127½		RW3.6	2.4	3.5	13.0
§90	F.P.	16.0	98½	94½	†Recycling Servs	98½		W3.2	-	4.1	-
§125	F.P.	33.7	139½	130½	Scot Highland Ht	138½		R3.0	2.4	2.7	13.8
§	F.P.	9.06	110½	110½	Second St David	110½		-	-	-	-
§	F.P.	1.02	10½	0½	Do Residual Cap	9½		-	-	-	-
§	F.P.	10.9	184½	183	Do Zero Div Prf	184½		-	-	-	-
§	F.P.	25.8	3¾	3¼	†Snakeboard	3¾		-	-	-	-

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Nov 27	% chg on day	Nov 26	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (32)	1875.09	+0.0	1874.73	1876.86	1.64	-	2020.73	1846.24
Regional Indices								
Africa (14)	2292.75	+0.2	2288.64	2383.06	3.43	32.31	3553.86	2288.64
Australasia (6)	2025.51	+0.3	2020.53	2274.40	2.83	19.71	2927.34	2005.75
North America (12)	1740.46	-0.1	1742.03	1682.24	0.75	65.86	2186.39	1648.45

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FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Nov 28	Day's chge%	Nov 27	Nov 26	Nov 25	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4050.2	----	4049.2	4068.4	4054.6	3664.3	3.92	2.03	15.74	162.64	1689.76
FTSE 250	4416.7	+0.1	4412.0	4423.4	4422.3	3959.1	3.55	1.49	23.63	165.93	1803.77
FTSE 250 ex IT	4455.8	+0.1	4449.8	4460.4	4461.9	3977.4	3.65	1.51	22.66	174.13	1823.82
FTSE 350	2010.0	----	2009.1	2017.7	2012.2	1814.8	3.84	1.92	16.94	79.66	1712.93
FTSE 350 Higher Yield	1916.2	-0.2	1920.1	1932.4	1921.4	1815.8	5.12	1.79	13.61	99.59	1375.32
FTSE 350 Lower Yield	2111.0	+0.3	2105.5	2110.5	2110.5	1816.4	2.69	2.14	21.69	60.27	1461.11
FTSE SmallCap	2158.63	-0.2	2162.67	2167.73	2166.17	1948.93	3.18	1.58	24.76	65.30	1798.91
FTSE SmallCap ex IT	2158.86	-0.2	2162.62	2167.79	2166.36	1929.72	3.40	1.65	22.28	69.14	1812.24
FTSE All-Share	1981.13	----	1980.62	1988.83	1983.72	1786.60	3.80	1.90	17.34	77.13	1714.00

FTSE Actuaries Industry Sectors

	Nov 28	Day's chge%	Nov 27	Nov 26	Nov 25	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(23)	3881.17	----	3882.57	3911.61	3907.06	3114.03	3.67	1.71	19.91	142.73	1701.17
12 Extractive Industries(6)	4226.07	+1.7	4155.53	4176.09	4212.70	4244.17	3.84	2.66	12.24	162.00	1259.88
15 Oil, Integrated(3)	3989.26	-0.3	4011.28	4043.91	4039.05	3139.13	3.86	1.55	20.88	154.36	1801.22
18 Oil Exploration & Prod(14)	2943.80	-0.2	2949.05	2964.48	2919.37	1930.04	1.78	1.72	40.56	52.93	1784.31
20 GEN INDUSTRIALS(275)	1988.65	----	1988.71	1995.00	1991.92	1947.81	4.31	1.66	17.29	80.14	1109.82
21 Building & Construction(34)	1156.48	-0.6	1162.90	1165.75	1165.85	1004.42	3.65	1.47	23.35	39.95	985.77
22 Building Matls & Merchs(29)	1786.94	-0.1	1788.21	1821.21	1824.66	1799.75	4.84	1.40	20.60	75.00	922.07
23 Chemicals(25)	2373.14	-0.4	2382.71	2387.31	2374.58	2343.05	4.34	1.44	19.99	95.47	1149.90
24 Diversified Industrials(19)	1398.21	----	1397.84	1402.06	1406.29	1780.29	7.25	1.62	10.65	90.05	806.48
25 Electronic & Elect Equip(36)	2296.13	-0.5	2307.59	2303.77	2280.28	2115.30	3.41	1.48	24.69	64.25	1210.97
26 Engineering(71)	2603.85	+0.1	2600.12	2606.46	2603.11	2176.18	3.15	2.28	17.39	78.85	1606.98
27 Engineering, Vehicles(14)	3283.24	+1.1	3248.98	3210.40	3200.06	2495.49	3.29	1.72	22.15	103.02	1732.97
28 Paper, Pckg & Printing(26)	2511.23	+0.5	2497.97	2497.75	2507.18	2459.48	4.13	1.92	16.65	97.81	1068.45
29 Textiles & Apparel(19)	1081.48	-0.3	1084.36	1087.51	1086.51	1471.41	6.59	1.16	16.34	67.36	682.20
30 CONSUMER GOODS(82)	3805.43	-0.1	3810.06	3805.44	3787.63	3563.71	3.81	1.98	16.99	139.77	1436.34
32 Alcoholic Beverages(8)	2730.06	+0.1	2726.35	2752.51	2749.93	2818.28	4.65	1.70	15.70	104.18	1002.74
33 Food Producers(25)	2660.96	-0.1	2663.45	2669.44	2654.63	2516.71	4.11	1.77	17.20	99.91	1227.52
34 Household Goods(15)	2613.76	-0.1	2617.10	2623.97	2619.38	2598.17	3.91	2.26	14.18	191.20	1054.47
36 Health Care(18)	2004.89	+0.2	2001.31	1984.72	1976.78	1958.24	3.00	1.93	21.58	55.92	1237.26
37 Pharmaceuticals(14)	5904.39	-0.4	5927.67	5904.84	5867.00	5012.44	2.90	2.01	21.43	172.19	2040.22
39 Tobacco(2)	3924.76	+0.6	3900.01	3861.92	3853.37	4722.52	6.81	2.13	8.88	262.07	1010.69
40 SERVICES(252)	2606.41	+0.5	2593.56	2611.33	2614.14	2208.70	2.88	1.97	22.05	70.58	1379.23
41 Distributors(30)	2912.89	+0.5	2899.24	2896.06	2901.54	2505.12	2.96	2.02	20.86	86.70	1093.37
42 Leisure & Hotels(25)	3217.40	+0.6	3199.42	3225.97	3219.34	2585.35	2.78	1.97	22.78	173.06	1749.67
43 Media(44)	4287.53	----	4286.86	4295.22	4290.17	3604.70	2.14	2.10	27.76	93.50	1569.90
44 Retailers, Food(14)	2069.79	+1.1	2047.40	2065.43	2068.49	1928.30	3.81	2.28	14.40	72.78	1344.50
45 Retailers, General(45)	2110.32	+0.8	2092.74	2114.55	2128.54	1873.15	3.10	2.05	19.64	72.66	1232.15
47 Breweries, Pubs & Rest.(21)	3189.27	+0.4	3177.04	3216.31	3217.83	2778.26	3.27	2.00	19.17	74.44	1549.48
48 Support Services(50)	2704.37	----	2703.38	2714.63	2701.59	1860.47	1.84	2.20	30.84	48.57	1737.11
49 Transport(23)	2615.65	+0.7	2598.03	2616.86	2620.96	2181.55	3.68	1.21	28.02	99.48	1116.23
60 UTILITIES(33)	2466.31	-0.1	2468.85	2468.33	2502.53	2503.27	5.41	1.70	13.62	173.24	1105.14
62 Electricity(12)	2656.72	+0.4	2647.37	2670.48	2695.00	2795.52	6.97	2.17	9.05	435.85	1442.16
64 Gas Distribution(2)	1467.75	-1.3	1486.95	1550.95	1579.75	1615.07	6.16	0.54	26.30	119.71	803.11
66 Telecommunications(8)	2065.66	----	2065.46	2063.64	2068.78	2072.24	4.03	1.51	20.56	54.11	961.25
68 Water(11)	2250.07	-0.5	2261.04	2287.18	2288.57	2114.70	6.58	2.30	8.27	105.78	1279.49
69 NON-FINANCIALS(665)	2068.27	+0.1	2066.02	2075.40	2074.60	1884.08	3.82	1.81	18.09	82.78	1606.98
70 FINANCIALS(104)	3374.86	-0.3	3384.67	3383.31	3355.14	2902.81	3.96	2.36	13.42	126.67	1467.31
71 Banks, Retail(8)	4834.88	-0.2	4845.00	4856.18	4796.10	4122.67	3.77	2.70	12.28	175.98	1616.31
72 Banks, Merchant(6)	3845.04	+0.1	3841.59	3824.72	3758.18	3800.91	2.71	3.04	15.18	100.78	1239.45
73 Insurance(21)	1603.88	-0.4	1610.81	1619.59	1596.56	1450.45	5.24	2.29	10.42	80.58	1242.46
74 Life Assurance(7)	3954.39	-0.6	3977.47	3987.17	3938.10	3457.02	3.98	1.78	17.83	151.01	1681.26
77 Other Financial(20)	2780.57	-0.5	2794.11	2785.34	2731.00	2402.91	4.00	1.77	17.63	98.48	1819.23
78 Property(42)	1690.43	-0.3	1695.15	1704.77	1711.94	1398.17	3.80	1.27	25.90	55.81	1082.63
80 INVESTMENT TRUSTS(126)	3153.17	-0.2	3158.34	3170.05	3152.85	2969.26	2.26	1.18	49.04	65.87	1114.19
89 FTSE All-Share(895)	1981.13	----	1980.62	1988.83	1983.72	1786.60	3.80	1.90	17.34	77.13	1714.00
FTSE Fledgling	1219.51	-0.2	1222.52	1222.97	1221.10	1097.95	2.85	0.66	67.77	32.66	1294.22
FTSE Fledgling ex IT	1234.29	-0.2	1237.23	1237.30	1235.78	1100.35	3.04	0.57	72.35	35.54	1311.73

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	4040.2	4044.9	4040.8	4042.1	4038.8	4039.2	4040.4	4039.3	4045.1	4050.2	4036.0
FTSE 250	4412.2	4411.7	4411.1	4413.8	4415.7	4415.9	4415.3	4414.4	4416.4	4416.8	4411.1
FTSE 350	2005.6	2007.4	2005.7	2006.5	2006.4	2005.6	2006.0	2005.5	2007.9	2010.0	2005.1

Time of FTSE 100 Day's high: 4:30 PM Day's low: 12:20 PM. FTSE 100 1996 High: 4073.1 (21/10/96) Low: 3632.3 (16/07/96).

FTSE 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1121.4	1120.7	1120.7	1120.0	1119.3	1119.0	1118.2	1118.0	1118.2	1118.4	1126.4	-8.0
Pharmaceuticls	5808.7	5801.0	5793.7	5787.7	5779.8	5793.7	5772.3	5789.5	5816.0	5832.5	5855.8	-23.3
Water	2238.3	2237.8	2234.9	2239.8	2237.2	2234.7	2236.9	2232.9	2236.6	2235.4	2247.3	-11.9
Banks, Retail	4889.9	4896.4	4893.9	4894.4	4895.1	4896.3	4895.0	4891.3	4893.6	4896.6	4906.8	-10.2

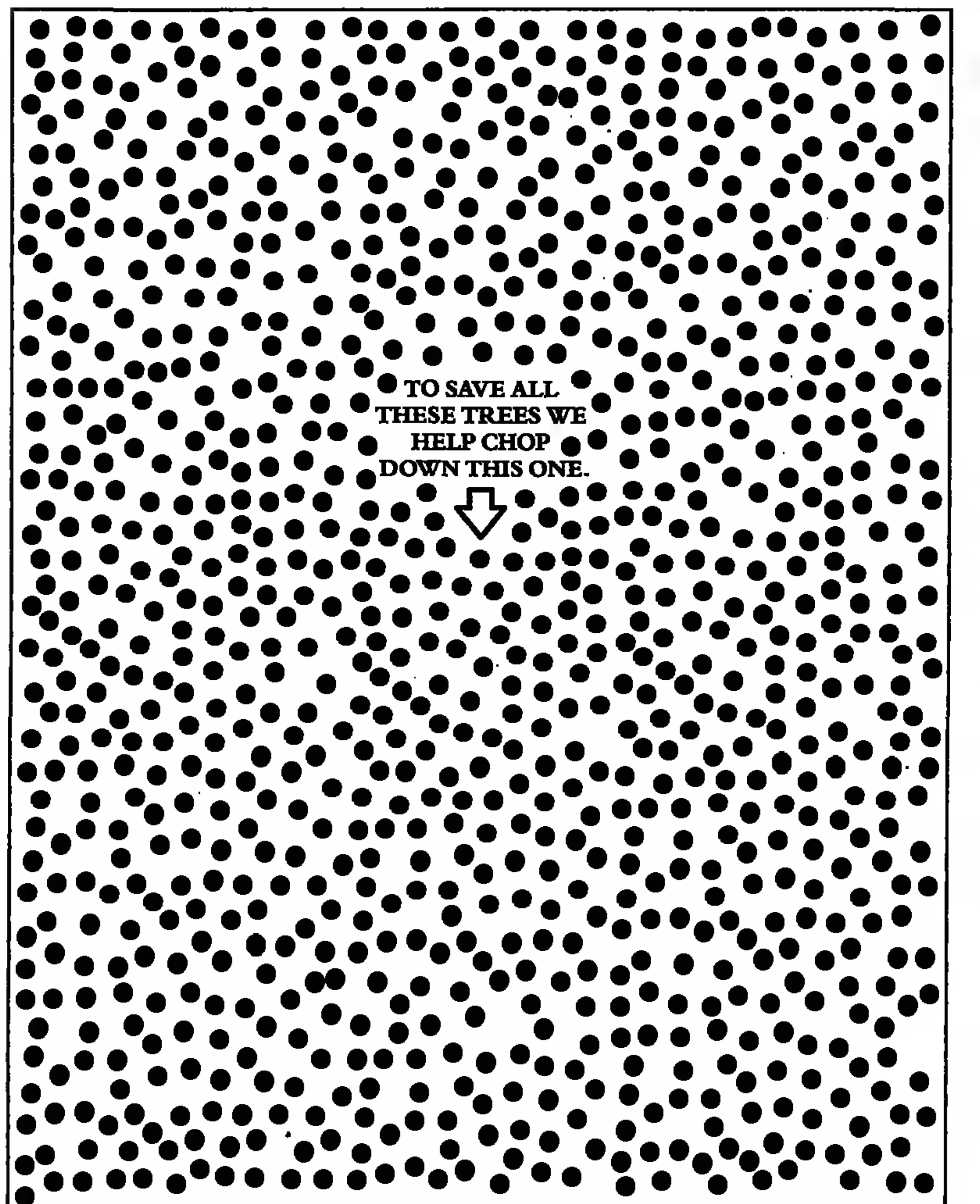
For further information on the FTSE Actuaries Share Indices please contact FTSE International on 0171 448 1810. The FTSE Actuaries Share Indices are calculated in accordance with a standard set of ground rules established by FTSE International in conjunction with the Faculty of Actuaries and the Institute of Actuaries. © FTSE International Limited 1996. All Rights reserved. "FT-SE" and "Footsie" are trade marks of the London Stock Exchange and The Financial Times and are used by FTSE International under licence. † Sector P/E ratios greater than 80 and net covers greater than 30 are not shown. ‡ Values are negative.

TRADING VOLUME

Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	553	490½	+1½
ASDA Group†	18,200	118¾	+2¼
Abbey National†	1,800	685½	
Albert Fisher	1,700	42	+¼
Allied Domecq†	875	444	+4
Anglian Water	862	575	+7½
Argos†	259	759½	-3
Arjo Wiggins	1,200	182	+5
Assoc. Brit. Foods†	189	440	+½
Assoc. Brit. Ports	222	277½	
BAA†	1,800	490½	+3½
BAT Inds.†	3,400	467½	+1
BBA	1,100	349½	-1
BICC	103	287½	-1
BOC†	5,300	880½	-10½
BP†	5,200	686	+½
BPB	6,000	343½	-5½
BSkyB†	1,800	519	-3
BT†	6,300	380	+2½
BTR†	4,800	238	-½
Bank of Scotland†	484	290	-1
Barclays†	1,700	1011	+8
Bass†	2,500	794½	+4
Blue Circle†	532	385½	-½
Booker	270	418	+1
Boots†	1,300	628½	+4
Britannic	37	747½	
Brit. Aerospace†	500	1154½	-2
British Airways†	1,700	586½	-1½
British Biotech	4,200	210	-13½
British Energy	2,400	149	+5
British Gas†	14,100	218	-3
British Land	608	478½	-4
British Steel†	3,000	169¼	+¾
Bunzl	353	218½	+½
Burmah Castrol†	259	1052	-½
Burton†	11,000	147½	+1½
Cable & Wire†	13,900	488	-9
Cadbury Schweppes†	3,100	512	-6
Caradon	246	226½	+½
Carlton Comms.†	1,500	504½	-4½
Chubb	396	343	
Coats Viyella	1,500	136	+½
Comm. Union†	550	663	-4
Compass	551	597½	+3
Cookson	908	224½	+½
Courtaulds†	1,300	397½	+4
Dalgety	146	383	
De La Rue	311	579½	+1
Dixons†	4,900	570½	+23
EMI†	672	1381½	+9
East Midland Elect.	327	607½	+3½
Electrocomps	297	439½	+2½
Eng China Clays	383	179½	-2
Enterprise Oil†	2,500	694½	+5½
FKI	3,500	214	-1
Foreign & Col. I.T.	701	150½	
Gen. Accident†	1,900	738	-5½
General Elect.†	2,300	379½	-2
Glaxo Wellcome†	6,700	989	-19½
Glynwed	1,800	347	+5½
Granada†	2,500	884½	-3½
Grand Met.†	1,300	466	+1
GUS†	1,600	667½	+4
Greenalls	54	596	-½
GRE†	1,800	271½	-3½
GKN†	547	1118	+1½
Guinness†	1,100	460½	-1½
HSBC (75p shs)†	921	1260	-15
Hammerson	71	880	-2
Hanson†	5,300	80½	+½
Harrisons Crosfield	589	128	+1
Hays	1,200	531	+2
Hillsdown	1,200	178½	+½
Hyder	211	736	+1½
IMI	3,800	380½	+6
ICI†	514	780	-2½
Imperial Tobacco†	2,700	383½	+14
Inchcape	1,100	267½	+6
Johnson Matthey	1,900	547½	+13½
Kingfisher†	770	632½	+12
Kwik Save	21	299	
Ladbroke†	6,400	207	+½
Land Securities†	797	729½	+1½
Laporte	870	686	-6½
Legal & General†	3,900	352	-6
Lloyds Abbey	20	644½	+2
Lloyds TSB†	4,000	403½	
LASMO†	380	220½	-½
London Elect	412	637½	-3
Lonrho	1,100	133½	-½
LucasVarity†	1,200	240½	+3
MEPC	363	459½	-8
MFI	299	189½	+½
Marks & Spencer†	4,700	486	+3½
Mercury Asset Man	973	1222½	-20
Morrison (Wm.)	141	187	
NFC	351	187½	
NatWest Bank†	885	686½	+8
National Grid†	1,400	194½	
National Power†	2,500	461	+2
Next†	1,000	584	-4
Northern Elect.	13	590	
Northern Foods	663	199	-½
Orange†	3,100	177	-1
Pearson†	9,300	737½	-½
P & O†	799	584½	-11½
Pilkington†	1,100	182	-1
PowerGen†	827	576½	+3½
Premier Farnell	261	709½	+½
Provident Financial	18	470	-½
Prudential†	3,800	480	-1½
REXAM	1,400	335½	+2
RMC†	1,400	881	+9½
RTZ†	2,700	985	+19½
Racal	1,200	269½	+7
Railtrack†	6,200	377	+15
Rank Group†	1,200	435	+12
Reckitt & Colman†	2,700	711	-1
Redland†	1,000	370½	+6
Reed Intl.†	1,400	1150½	+1
Rentokil Initial†	5,000	435	+½
Reuters†	3,800	722½	+4½
Rolls Royce†	1,700	256	-2
Royal & Sun Allce†	1,900	448½	-½
Royal Bk Scotland†	3,500	528½	+6½
Safeway†	3,200	387½	+7½
Sainsbury†	3,600	371	+2½
Schroders†	80	1475	+2½
Scottish & New.†	468	642	-2
Scot. Hydro-Elect.	551	311	-½
Scottish Power†	1,100	334	+1½
Sears	2,900	94	+½
Sedgwick	227	125½	
Severn Trent†	739	653½	-6½
Shell Transport†	1,900	981½	-7½
Siebe†	486	946	+1
Slough Ests	78	256½	-1
Smith (W.H.)	3,500	424½	+8
Smith & Nephew†	8,200	184	+1½
SmKl Beecham†	4,200	830½	+22
Smiths Inds.†	118	802½	-1½
Southern Elect	409	686	-1½
South West Water	907	579	-7½
Standard Chartd.†	1,200	654	-2
Storehouse	3,100	266	+4
T&N	11,200	190	+13½
TI Group†	2,300	562	-3
Tarmac	419	88	-½
Tate & Lyle†	1,500	483	+4
Taylor Woodrow	68	140½	
TeleWest Comms	851	121	
Tesco†	5,500	337	+3½
Thames Water†	2,400	574½	-2
Thorn	2,400	279	+5½
Tomkins†	2,700	280	+3
Unigate	94	436	
Unilever†	1,400	1400	-4½
United Biscuits	2,700	213½	+7½
Utd. News & Media†	287	668½	-1
United Utilities†	1,200	590	-8½
Vodafone†	2,700	280½	+3
WPP	3,300	221½	
Wessex Water	1,500	340	-4
Whitbread†	1,800	788½	+8
Williams Hldgs.†	748	340½	-5½
Willis Corroon	584	126½	-1½
Wimpey	119	123½	
Wolseley†	940	456	-3
Yorkshire Elect	110	753½	-8
Yorkshire Water	189	680	+1
Zeneca†	1,200	1654	-13½

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FTSE 100 index constituent. All trades are rounded. Source: Extel, part of FT Information.



Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Nov 28 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Nov 28 / Frs.)

[illegible]

CZECH REP (Nov 28 / Koruna)

[illegible]

DENMARK (Nov 28 / Kr)

[illegible]

FINLAND (Nov 28 / Mks)

[illegible]

FRANCE (Nov 28 / Frs.)

[illegible]

GERMANY (Nov 28 / Dm.)

[illegible]

GREECE (Nov 28 / Drachma)

[illegible]

ITALY (Nov 28 / Lira)

[illegible]

NETHERLANDS (Nov 28 / Fls.)

[illegible]

NORWAY (Nov 28 / Kroner)

[illegible]

POLAND (Nov 28 / Zloty)

[illegible]

PORTUGAL (Nov 28 / Escudo)

[illegible]

SPAIN (Nov 28 / Pta.)

[illegible]

SWEDEN (Nov 28 / Kronor)

[illegible]

SWITZERLAND (Nov 28 / Frs.)

[illegible]

TURKEY (Nov 28 / TK Lira)

[illegible]

PACIFIC

JAPAN (Nov 28 / Yen)

[illegible]

AUSTRALIA (Nov 28 / Aus$)

[illegible]

HONG KONG (Nov 28 / H.K.$)

[illegible]

INDONESIA (Nov 28 / Rupiah)

[illegible]

MALAYSIA (Nov 28 / MYR)

[illegible]

NEW ZEALAND (Nov 28 / NZ $)

[illegible]

SINGAPORE (Nov 28 / S$)

[illegible]

SOUTH KOREA (Nov 28 / Won)

[illegible]

TAIWAN (Nov 28 / TW $)

[illegible]

THAILAND (Nov 28 / Baht)

[illegible]

AFRICA

SOUTH AFRICA (Nov 28 / Rand)

[illegible]

NORTH AMERICA

CANADA

TORONTO (Nov 28 / Can $) 4 pm close

[illegible]

MONTREAL (Nov 28 / Can $) 4 pm close

[illegible]

INDICES

	Nov 28	Nov 27	Nov 26	1996 High		1996 Low	
Greece							
Athens SE(31/12/80)	910.52	908.08	911.96	1017.96	4/3	872.89	7/8
Hong Kong							
Hang Seng(31/7/64)	13310.76	13530.98	13485.33	13530.95	27/11	10204.87	2/1
India							
BSE Sens.(1978)	2871.02	2853.57	2848.44	4069.26	18/6	2828.08	25/1
Indonesia							
Jakarta Comp.(10/8/82)	611.85	620.27	626.22	630.21	24/4	512.46	2/1
Ireland							
ISEQ Overall(4/1/88)	2653.71	2638.19	2647.02	2700.04	4/10	2234.81	2/1
Italy							
Banca Comm Ital(1972)	648.14	648.20	658.96	674.19	20/5	572.21	27/3
MIB General(2/1/88)	1088.0	1088.0	1118.0	1142.00	20/5	979.00	27/3
Japan							
Nikkei 225(16/5/49)	21035.84	21345.28	21418.25	22666.80	26/6	18734.78	13/3
Nikkei 300(1/10/82)	296.57	298.92	298.37	319.70	26/6	284.46	11/3
Switzerland							
Swiss Bk Ind(31/12/58)	1833.78	1818.78	1838.89	1849.85	15/11	1516.39	17/1
SBC General(1/4/87)	1304.84	1293.94	1303.31	1306.47	15/11	1114.47	25/1
Taiwan							
Weighted Pr.*(30/6/66)	6879.41	6932.96	6927.77	6969.87	25/11	4690.22	6/2
Thailand							
Bangkok SET(30/4/75)	938.42	959.23	958.14	1415.84	6/2	905.34	15/10
Turkey							
Istanbul Comp.(Jan 1986)	90740.8	85749.9	86335.0	90740.80	28/11	38779.38	2/1
WORLD							
MS Capital Intl(1/1/70)	833.3*	835.8	836.8	837.29	25/11	725.89	15/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1850.81	1845.94	1858.19	1858.19	28/11	1594.48	11/1
Euro Top-100(26/6/90)	1568.13	1554.59	1565.85	1568.13	28/11	1333.01	11/1
HSBC JC Dags(31/12/86)	(u)	429.20	419.52	429.20	27/11	344.19	2/1
ING Bargs Emrg(7/1/92)	158.13	159.97	160.03	165.91	4/7	147.36	2/1

[illegible]

US INDICES

[illegible]

DJ Ind. Day's high 6598.43 (6606.30) Low 6457.87 (6475.49) (Theoretical¢)
Day's high 6538.45† (6598.55) Low 6491.14 (6497.11) (Actual¢)

Standard and Poors							
Composite‡	755.00†	755.96	757.03	757.03 (25/11)	598.48 (10/1)	757.03 (25/11/96)	4.40 (1/6/32)
Industrials¶	884.49	885.95	886.50	886.50 (25/11)	702.07 (15/1)	886.50 (25/11/96)	3.52 (30/6/32)
Financial	84.58	84.44	84.82	84.82 (25/11)	58.67 (10/1)	84.82 (25/11/96)	7.13 (4/8/74)
NYSE Comp.	397.49	397.36	398.86	398.86 (25/11)	321.41 (10/1)	398.86 (25/11/96)	4.64 (25/4/42)
Amex Mkt Val	586.54	588.33	589.38	614.89 (22/5)	535.60 (16/7)	614.89 (22/5/96)	29.13 (9/12/74)
NASDAQ Cmp	1287.32	1281.20	1280.37	1287.32 (27/11)	988.57 (15/7)	1287.32 (27/11/96)	54.87 (3/10/74)

■ RATIOS

	Nov 22	Nov 15	Nov 8	Year ago
Dow Jones Ind. Div. Yield	2.02	2.06	2.09	2.32
	Nov 20	Nov 13	Nov 6	Year ago
S & P Ind. Div. yield	1.84	1.87	1.89	2.38
S & P Ind. P/E ratio	22.89	22.64	23.58	18.03

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Micron Tech	5,928,000	33¾	+7½
Amer Online	5,741,600	34⅞	+2¼
K-Mart	4,667,200	10⅞	+⅛
Bay Network	4,480,300	28⅝	+1½
Vodafone	4,474,100	42¼	+⅛
Barrick Gld	4,425,600	29½	+⅛
Pepsico	4,356,190	30⅛	+⅛
Texas Inst	4,282,200	63⅝	+2¼
AT & T	3,702,100	39⅛	+⅛
Motorola	3,275,800	55¾	+1⅞

■ TRADING ACTIVITY

● Volume (million)

	Nov 27	Nov 26	Nov 25
New York SE	381.590	538.501	478.354
Amex	21.446	27.006	26.824
NASDAQ	504.911	541.150	598.908
NYSE			
Issues Traded	3,207	3,328	3,336
Rises	1,311	1,143	1,626
Falls	1,128	1,355	881
Unchanged	868	830	829
New Highs	170	266	359
New Lows	25	33	17

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
■ CAC-40 (200 x Index)							
Nov	2272.0	2292.0	+19.0	2296.0	2270.0	22,578	16,339
Dec	2277.0	2296.5	+18.5	2301.0	2275.0	15,888	25,519
■ DAX							
Dec	2802.0	2834.0	+27.5	2837.0	2800.5	18,564	-
Mar	2822.0	2854.0	+30.0	2857.0	2822.0	3,900	-
■ OMX							
Dec	1772.00	1795.00	+30.00	1795.00	1771.00	3,943	24,208
Jan	1783.50	1796.25	+28.25	1796.25	1783.00	5	1,961
■ SOFFEX							
Dec	3841.0	3893.0	+40.0	3895.0	3841.0	3,619	21,529
Jan	3874.0	3858.0	-2.0	3874.0	3874.0	5	1,861
■ S&P 500 (Nov 27)							
Dec	757.50	755.85	-1.40	760.20	755.10	101,275	189,193
Mar	766.50	763.05	-1.40	767.30	762.00	7,192	28,501
■ Nikkei 225							
Dec	21140.0	21120.0	-200.0	21220.0	21060.0	26,137	205,823
Mar	21240.0	21120.0	-240.0	21250.0	21100.0	13,202	90,271

Open interest figures for previous day.

* Sat Nov 23: Taiwan Weighted Price 6842.16; Korea Comp Ex (c). Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 65 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ¢ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Nov 28 - 2829.66 +35.82

† Correction. * Calculated at 15.00 GMT. ⊕ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ¢ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

■ TOKYO - MOST ACTIVE STOCKS: Thursday, November 28, 1996

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Honda Motor	7.6m	3360	-110	Canon	4.2m	2470	-20
Mitsubishi Hvy	6.8m	935	-17	Kobe Steel	4.1m	268	-9
Toyota Motor	5.9m	3120	-20	Nippon Steel Cp	3.8m	345	-5
Matsushita El Ind	5.2m	1980	-10	NEC Corp	3.2m	1390	-20
NKK Corp	4.2m	285	-7	Keisei Elect Ry	3.2m	891	-39

■ FT Free Annual Reports Service

FINANCIAL TIMES Friday November 29 1996

Rising $ takes Frankfurt to all time high

EUROPE

The Thanksgiving Day holiday in the US was no impediment to the dollar in Europe; in **FRANKFURT**, it topped DM1.53, and the Dax index hit another all time high, ending 35.82 or 1.3 per cent better at an Ibis-indicated 2,829.68.

Dollar stocks stood out, BASF leading chemicals higher with a rise of DM1.56 or 2.9 per cent to DM56.10, and BMW doing the same for carmakers, breaking through DM1,000 with a gain of DM27.60 at DM1,000.10.

Wednesday's disappointments, Volkswagen and Lufthansa, were less of a burden, VW recovering DM6 at DM614 although it was said that Mr José Ignacio Lopez de Arriortua, VW's embattled purchasing manager, would offer his resignation at today's supervisory board meeting.

Turnover fell again, from DM12.1bn to DM9.7bn. Deutsche Telekom resumed its place at the top of the active stocks list in DM1.1bn as it gained 74 pfg, or 2.3 per cent at DM33.49. Mr Hans-Peter Wodniok at Crédit Lyonnais in Frankfurt said that foreign investors, who had turned sellers rather than the expected buyers after Telekom's market debut, had become a more neutral proposition.

The two day's other all time highs came in Spain and Turkey. **MADRID** broke 400 with outstanding help from Endesa and Repsol as the general index closed 4.35 higher at 400.31. The utility, on credit watch after its offers for Fecsa and Sevillana, added Pta210 at Pta8,490 after Standard & Poor's removed it from that list, and confirmed its long term debt ratings. The oil company, catching up after underperformance, gained Pta75 at Pta4,700.

ISTANBUL jumped 2.2 per cent to a fourth consecutive all time high as a fresh cash inflow and optimistic full year profit expectations drove prices up. The composite index rose 1,991.87 to 90,740.86, up 4.3 per cent this week after last week's 5.4 per cent climb.

PARIS moved higher thanks to some derivatives-driven short covering and a strong run for the media giant, Havas. At the close, the CAC 40 index was up 19.54 to a new high for the year of 2,290.31.

Havas, one of this year's poorest CAC performers, leapt more than 6 per cent on talk of management changes plus rumours that Alcatel Alsthom, a big shareholder, planned to prod the group into upgrading its trading performance.

The shares closed FFr22.40 higher at FFr386.20, having peaked at FFr461.80 earlier this year.

Other hot stocks included Air Liquide, boosted by a recent broker upgrade, and Cie Bancaire where corporate activity was said to be imminent. The former advanced FFr21 to FFr817 while Bancaire jumped FFr24 to FFr594.

Usinor Sacilor added 65 centimes to FFr76.85 on hopes for CAC 40 entry when UAP merges with Axa. AGF hardened FFr2.80 to FFr170.2 for the same reason.

Pechiney, which also has a foot in the CAC 40 door, added FFr1.50 to FFr205 even though Société Générale removed the stock from its recommended list.

ZURICH's 38.8 rise in the SMI index to 3,884.1 was attributed to short covering, firmer bonds and a stronger dollar.

Banks made a comeback after being under heavy pressure following UBS's announcement of an extraordinary charge that will cause a 1996 loss of SFr500m. UBS bearers added SFr12 to SFr1,223 while CS Holding jumped SFr3.75 to SFr136.50.

Roche certificates recouped SFr95 of Wednesday's SFr140 fall to SFr8,825 as analysts dismissed rumours that the group planned a takeover of SmithKline Beecham in the UK or Sweden's Astra.

Among the insurers, Winterthur, a recent underperformer picked up SFr11 to SFr796.

Alusuisse, which climbed SFr18 to SFr1,035, was said to have profited from a presentation in London and rumours of a positive study.

MILAN closed higher, following the rising lira and strong performances in some individual shares. The Comit index registered a 0.06 dip to 648.14 but the real-time Mibtel index rose 97 to 10,891.

Mediaset, the television and advertising group, jumped L302 to L7,315 after the Senate approved a decree extending current laws governing TV ownership until the end of January. Without the move, magistrates could have forced the former prime minister, Mr Silvio Berlusconi, to take one of his three stations off the air.

Olivetti dropped L15.8 to L531 as the former chairman, Mr Carlo De Benedetti, warned that the worsening crisis at the lossmaking company threatened the jobs of the 28,000 strong workforce.

His comments came a day after the new chief executive, Mr Roberto Colaninno, told a parliamentary committee that the company's recovery plan, which included the sale of its PC business and its speciality computer group, Tecnost, could be delayed if an official inquiry was launched into the struggling group. Tecnost lost L110 at L3,655, after a low of L3,470.

AMSTERDAM kicked into life following solid third quarter GDP data and top-of-the-range results from Fortis Amev. The AEX index rose 5.88 to 624.28.

The upbeat numbers from Fortis Amev sparked another good session for financials. Fortis gained Fl 1.40 to Fl 56.50, ABN Amro Fl 1.90 to Fl 110.20 and Aegon Fl 1.00 to Fl 95.50.

ING, which made a "no comment" reply to rumours that it was teeing-up a bid for Creditanstalt, the leading Austrian bank, gained 90 centimes to Fl 59.60.

Nedlloyd continued to slide, falling Fl 1.10 to Fl 43.10 for a two-day decline of 6 per cent following Wednesday's disappointing third quarter statement.

Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown

FTSE Actuaries Share Indices

Nov 28							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	1844.82	1845.27	1846.18	1847.88	1848.37	1848.95	1850.08	1850.81
FTSE Eurotrack 200	1900.46	1902.13	1902.76	1903.41	1904.69	1904.67	1905.22	1907.35

	Nov 27	Nov 26	Nov 25	Nov 22	Nov 21
FTSE Eurotrack 100	1845.94	1858.19	1853.87	1835.10	1827.08
FTSE Eurotrack 200	1900.73	1916.56	1902.72	1893.92	1870.67

Base value 1000 (26/10/90) High/day: 100 - 1851.28; 200 - 1907.64 Low/day: 100 - 1844.10 200 - 1900.42. 1 Partial.
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Latin American markets set for year end rally

An end of year rally has become a visible feature of Latin American stock markets in recent years, *writes Jeffrey Brown*.

Between 1988 and 1995 the region consistently performed strongly through December and January, rising by almost 6 per cent on average in each month.

Share price trends in the region are notoriously difficult to pinpoint. But some brokers, taking their courage in both hands, expect 1996 to extend the run of rallies.

Traditionally, the upturn has been driven by end of year asset allocation decisions. As global money managers switch their funds around, many emerging stock markets become fringe beneficiaries.

According to Foreign and Colonial, the international fund manager, there is a good chance that a similar pattern could be repeated this year – and with additional emphasis.

F&C bases its theory on a number of key criteria. The group points out that US bond yields are well below recent peaks, and it suggests that economic recovery is set to being steadily maintained across Latin America.

At 6.4 per cent, US long yields are more than a 10th below their July highs while returns on Brady bonds have also fallen steeply in recent months. Thus, there is the prospect of "debt investors rotating into equity".

Combine this with some investors switching away from Wall Street, after two years of a bull run, and the scene could be set for some sparkle in Latin American markets over the next couple of months.

Even a modest upturn in demand can have a disproportionate impact. Brazil, the biggest market, is capitalised at a bare $200bn, roughly 2 per cent of the value of Wall Street. Venezuela, one of the better performers in the region lately, falls short of $20bn.

"The area has been as dull as ditch-water just recently and ratings are low. Never short a dull stock", says Ms Emily McLaughlin, F&C analyst. On her 1997 earnings projections, Latin America sells on a multiple of 13, a 20 per cent discount to Asian markets.

Nikkei tumbles 1.5% with US funds absent for Thanksgiving

ASIA PACIFIC

The Nikkei average dropped 1.5 per cent as **TOKYO** took profits which had accrued earlier in the week, and as US fund managers halted their heavy buying of international blue chips ahead of the Thanksgiving holiday, *writes Gwen Robinson*.

The 225 index closed 309.74 lower at the day's low of 21,035.54, after an intraday high of 21,289.88. Foreign investors, reduced greatly in numbers since earlier in the week, turned net sellers and more than 180 issues marked new lows for the year.

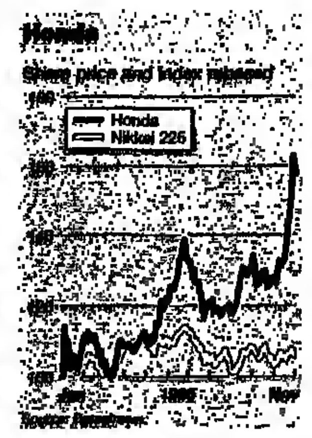
The Topix index of all first-section stocks shed 16.41 at 1,568.38 and the capital weighted Nikkei 300 3.35 at 296.57. Volume thinned from 398m shares to an estimated 316m, declines overwhelming advances by 883 to 184 with 185 unchanged.

In London, the ISE/Nikkei 50 index rose 1.56 to 1479.51.

Carmakers fell on profit taking, particularly in Honda which shed Y110 to Y3,380, Toyota fell Y20 to Y3,120 and Nissan Y23 to Y808. Construction issues, consistent losers since the market abandoned hopes of imminent extra public works spending by the Hashimoto administration, fell by nearly 2 per cent, Taisei losing Y29 at Y642, Obayashi Y28 at Y865 and Sato Kogyuo Y15 at Y482.

Electrical and high-technology issues also retreated. Sony fell Y40 to Y7,840, NEC by Y20 to Y1,390, Toshiba Y15 to Y738, TDK Y100 to Y7,390 and Fujitsu Y20 to Y1,070.

Among telecommunications issues, KDD, Japan's largest international carrier, shed Y80 to Y7,800 following Wednesday's announcement that AT&T Communications Services Japan had launched a discounted flat-rate overseas callback service for corporate customers in the Tokyo area.



Some speculative issues advanced, including Daido Steel Sheet, up Y50 to Y1,420 and TYK, which added Y70 to Y1,120. However, Keisei Electric Railway, which holds a major share in Oriental Land, the operator of Tokyo Disneyland, slid Y38 to Y991 in spite of investor interest in Oriental's forthcoming listing on the Tokyo stock exchange on December 11. Oriental said on Wednesday that it would price its shares at Y5,050.

In Osaka, the OSE average slid 220.15 to 21,447.74 and volume swelled to 116.5m shares.

HONG KONG had a volatile day, rising sharply at the opening before prices turned round and the market closed with its biggest points decline since July. The day's events prompted the exchange authorities to launch an inquiry into the "unusual trading activity".

The Hang Seng index traded in a 444 point range, peaking at 13,744.30 before turning back to close down 220.19 at 13,310.76. Turnover remained very heavy at HK$13.6bn.

One analyst said that aggressive buying at the opening by one broker had been offset by a subsequent sell-off in futures.

Among the big movers, HSBC Holdings peaked at a record HK$168.50 before ending the session down HK$2.50 at HK$161.00, Sun Hung Kai Properties jumped to an early new high at HK$101.50 but closed on a loss of HK$1 at HK$97.

BANGKOK, severely rattled recently by political concerns, came off 2.2 per cent following the release of disappointing economic data. The SET index dropped 20.81 to 898.42.

The central bank announced that September exports were down 14 per cent on 1995. The news coincided with renewed concern about the makeup of the cabinet, due to be announced over the weekend.

National Finance came off Bt5 to Bt61.50 and Krung Thai Bank dropped Bt2 to Bt74.50. Siam Cement lost Bt20 to Bt862.

SEOUL rose 2 per cent, again helped by recurrent rumours of market boosting measures by the government, and better than expected third quarter gross domestic product figures. The composite index rose 14.80 to 736.92.

One analyst said the market was rife with rumours that, among other measures, the government would allow pension funds to increase their investment in the bourse by as much as Won600bn.

JAKARTA ended down 1.4 per cent following profit-taking across the board. The composite index fell 8.77 to 611.50. Telkom, the most heavily weighted stock, fell Rp100 to Rp3,825. Indosat lost Rp250 to Rp6,550 on 4.6m shares traded.

TAIPEI closed sharply lower, reflecting concern over South Africa's plans to switch diplomatic ties to Beijing from Taipei. The weighted index fell 56.55 to 6,876.41 in active turnover of T$82.26bn.

The diplomatic move fuelled concern about big Taiwan investments in South Africa. It would strip Taiwan of one of the biggest of its 30 diplomatic allies.

The electronics sector dropped 2.1 per cent with Reatron plunging by the 7 per cent limit or T$1.20 to T$16.30.

Acer lost T$1.50 to T$38.

SYDNEY made a modest recovery with rising bank and resource stocks offsetting weak industrials. The All Ordinaries index closed 9.6 higher at 2,386.3.

BHP rose 24 cents to A$18.18 and CRA 27 cents at A$20.42.

NAB put on 8 cents to A$14.84 and ANZ 14 cents to A$8.10 after the Wallis inquiry discussion paper on banking called for the abolition of barriers on bank mergers.

KUALA LUMPUR edged down as foreign and local funds selectively sold blue chips and the composite index finished 3.07 easier at to 1,231.10.

DHAKA lost another 2.9 per cent as investors sold out ahead of the Moslem Friday weekend. The DSE index lost 60.75 to 3,033.36 as all sectors except financials were marked down.

Beximco Pharma lost Tk20.76 to Tk384.54 but National Bank gained Tk15.65 to Tk331.92.

SHENZHEN's hard currency B index continued on its volatile way, rebounding 7 per cent as institutions resumed buying in the absence of negative news. The index rose 8.86 to 135.46.

Hong Kong probe of market surge, Page 4

S Africa broadly weaker

Shares in Johannesburg moved lower across the board with industrial stocks reversing a three-day rally and golds continuing to suffer from a soft bullion price.

In a session again interrupted by systems failures, the overall index closed down 35.8 at 6,714.1. Golds retreated a further 37.8 to 1,524.7 and industrial shares finished 51.0 lower at 8,000.4.

With bullion sinking to its lowest level for 31 months, Freegold fell R1.45 to R34.55.

Among industrials, South African Breweries came off 55 cents to R136.25. A profits warning from Sentrachem pushed the stock down R3.10 to R9.10.

Toronto hits another peak

Toronto reached another all-time high in subdued trading with Wall Street shut for Thanksgiving. At noon, the TSE-300 composite index was up 18.29 at 6,004.70 in hefty volume of 59.7m shares.

Financial stocks stayed in demand with Royal Bank of Canada up 45 cents to C$50.20 and Toronto-Dominion Bank 60 cents ahead at C$27.45.

Among industrials, Alcan Aluminum put on 15 cents to C$47.75 but Northern Telecom slipped 25 cents to C$85.

Most leading Latin American centres took advantage of the Thanksgiving shutdown in the US to trade quietly, but **CARACAS** moved forward smartly.

At mid session the IBC index, the leading Venezuela market, had reversed three days of downside with a 1.5 per cent improvement, rising 105.86 at 6,111.64.

MEXICO CITY edged ahead on the IPC index to close the morning session 0.71 better at 3,266.13 and in **BUENOS AIRES** the Merval index was up 0.27 at 603.93.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS	WEDNESDAY NOVEMBER 27 1996								TUESDAY NOVEMBER 26 1996					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (78)	221.72	-0.3	196.41	158.86	175.92	181.76	-0.2	4.19	222.38	197.09	158.46	176.61	182.15	223.66	184.86	184.86
Austria (24)	185.86	0.5	164.48	133.02	147.30	147.23	0.4	1.94	184.71	163.70	131.61	146.69	146.62	195.04	168.36	171.35
Belgium (27)	225.83	-0.4	199.87	161.66	178.92	174.96	-0.5	3.81	226.58	200.80	161.44	179.96	175.80	229.11	197.69	197.66
Brazil (28)	178.94	-0.8	158.51	128.21	141.97	340.01	-0.7	1.80	180.29	159.78	128.46	143.18	342.51	189.70	161.21	192.51
Canada (116)	195.42	0.0	173.11	140.02	155.04	190.44	0.2	1.89	195.39	173.17	139.22	155.17	189.97	195.42	144.65	147.84
Denmark (30)	337.84	-0.7	299.26	242.13	268.12	269.26	-0.8	1.71	340.26	301.57	242.45	270.23	271.45	340.41	275.59	275.99
Finland (24)	233.37	-1.9	206.73	167.21	185.16	224.92	-2.1	2.23	238.01	210.95	169.59	189.02	229.70	240.86	171.78	215.64
France (93)	210.58	0.0	186.54	150.88	167.06	170.77	-0.2	2.86	210.56	186.62	150.03	167.22	171.16	212.41	167.70	180.20
Germany (59)	185.53	-0.5	164.35	132.93	147.20	147.20	-0.6	1.65	186.49	165.29	132.88	148.11	148.11	188.59	159.62	160.16
Hong Kong (59)	512.28	0.2	453.78	367.03	406.42	506.53	0.2	3.05	511.02	452.91	364.12	405.84	507.30	512.26	364.03	364.03
Indonesia (27)	223.29	-1.4	197.80	159.99	177.16	321.09	-1.4	1.60	226.40	200.65	161.32	179.80	325.76	–	–	–
Ireland (16)	318.99	0.3	282.58	228.56	253.09	266.11	0.1	3.41	318.16	281.97	226.69	252.67	267.69	319.92	249.80	253.28
Italy (59)	80.81	-1.2	71.59	57.90	64.12	91.31	-1.4	2.27	81.81	72.51	58.30	64.97	92.60	84.53	67.22	69.67
Japan (480)	142.06	-0.5	125.84	101.79	112.71	101.79	0.1	0.76	142.73	126.50	101.70	113.35	101.70	184.68	137.82	145.41
Malaysia (107)	607.65	0.2	538.28	435.38	482.11	591.16	0.2	1.09	606.52	537.55	432.16	481.69	589.82	607.65	445.87	445.87
Mexico (27)	1180.47	-0.1	1045.71	845.80	936.56	10174.30	0.1	1.09	1181.78	1047.36	842.06	938.58	10166.61	1825.65	935.49	966.57
Netherland (19)	323.53	-1.4	286.60	231.81	256.69	252.77	-1.6	2.92	329.12	290.81	233.80	260.58	256.78	329.12	262.84	263.26
New Zealand (15)	92.25	0.0	81.71	66.09	73.19	69.13	0.1	3.99	92.27	81.77	65.74	73.26	69.09	94.35	75.94	79.02
Norway (35)	278.49	-0.1	246.69	199.53	220.95	242.00	-0.7	2.09	278.84	247.13	198.69	221.45	243.70	283.54	222.24	226.57
Philippines (22)	194.50	0.3	172.29	139.36	154.31	254.78	0.3	0.82	193.98	171.92	138.22	154.05	253.91	–	–	–
Singapore (43)	420.45	-0.3	372.45	301.25	333.58	271.80	-0.3	0.99	421.69	373.73	300.47	334.89	272.38	465.21	371.28	373.55
South Africa (44)	332.24	1.5	294.31	238.05	263.59	330.44	0.7	2.37	327.36	290.18	233.26	259.98	326.02	437.76	314.20	369.69
Spain (37)	197.22	-0.5	174.71	141.31	156.48	191.98	-0.6	3.11	198.19	175.65	141.22	157.40	193.08	198.95	157.58	159.08
Sweden (48)	406.03	-1.1	359.66	290.92	322.16	400.93	-1.3	2.13	410.57	363.89	292.55	326.07	406.06	418.67	294.19	321.28
Switzerland (37)	242.93	-0.5	215.20	174.06	192.74	194.37	-0.8	1.52	244.30	216.52	174.06	194.02	195.95	254.34	219.29	229.45
Thailand (45)	120.07	-0.2	106.37	86.03	95.27	116.60	-0.1	2.69	120.28	106.59	85.69	95.51	118.99	199.95	112.17	154.09
United Kingdom (213)	272.09	-0.4	241.03	194.95	215.87	241.03	-0.4	3.95	273.13	242.07	194.62	216.92	242.07	278.13	222.49	227.78
USA (623)	307.09	-0.1	272.02	220.02	243.63	307.09	-0.1	1.95	307.22	272.28	218.91	243.99	307.22	307.64	243.84	246.55
Americas (794)	280.81	-0.1	248.76	201.20	222.80	236.07	0.0	1.94	280.95	249.01	200.19	223.16	236.16	281.25	222.53	224.65
Europe (720)	232.34	-0.6	205.82	166.47	184.34	198.16	-0.7	2.82	233.60	207.03	166.45	185.52	199.47	234.58	194.81	197.69
Nordic (137)	347.67	-1.1	307.98	249.11	275.84	300.90	-1.2	2.07	351.99	311.49	250.88	279.07	304.72	355.21	261.13	283.49
Pacific Basin (878)	160.22	-0.4	141.93	114.79	127.11	115.79	0.1	1.22	160.80	142.51	114.57	127.70	115.71	177.01	158.96	155.23
Euro-Pacific (1598)	190.15	-0.5	168.44	136.24	150.86	146.83	-0.3	2.09	191.01	169.29	136.10	151.70	147.28	191.51	172.73	172.89
North America (739)	300.43	0.0	266.14	215.26	238.36	299.44	0.0	1.96	300.56	266.38	214.16	238.70	299.53	300.90	237.55	240.45
Europe Ex. UK (507)	206.29	-0.6	182.74	147.81	163.67	172.30	-0.8	2.31	207.59	183.99	147.92	164.86	173.58	209.70	174.81	177.19
Pacific Ex. Japan (398)	317.80	0.0	281.52	227.71	252.14	272.68	0.0	2.74	317.82	281.68	226.46	252.40	272.80	317.82	249.64	249.64
World Ex. US (1811)	192.29	-0.4	170.34	137.78	152.56	152.10	-0.3	2.06	193.06	171.11	137.57	153.33	152.59	193.47	173.81	173.81
World Ex. UK (2221)	224.22	-0.2	198.63	160.66	177.90	192.16	-0.1	1.91	224.74	199.18	160.13	178.48	192.40	224.89	193.06	193.06
World Ex. Japan (1954)	273.83	-0.2	242.57	196.20	217.26	257.09	-0.2	2.32	274.35	243.16	195.49	217.89	257.88	274.66	224.41	224.41
The World Index (2434)	228.33	-0.2	202.27	163.60	181.16	196.67	-0.2	2.02	228.89	202.86	163.10	181.78	197.00	228.97	196.11	196.11

Latest prices were unavailable for this edition.